



Daily Report

China

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Daily Report

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General

Countries Said To Object to Embargo on Cuba

OW271113792 Beijing China Radio International in English to Western North America 0400 GMT 27 Nov 92

[Report by China Radio International (CRI) correspondent (Zhou Hong); from the "World News" program]

[Text] [Announcer] There is a strong international lobby urging the United States to ease its trade embargo against Cuba. CRI's (Zhou Hong) reports that Cuba and other countries consider the latest U.S. measures a serious act of aggression.

[(Zhou)] The United Nations voted on 23 November concerning the U.S. embargo against Cuba and the result was overwhelming. Fifty-nine countries supported Cuba's resolution, which calls for a repeal of the latest U.S. embargo measures. Only three countries—Israel, Romania and the United States itself—voted against the resolution. Supporting votes included those from China, New Zealand, and France. The two partners of the United States in the North American Free Trade Agreement—Canada and Mexico—also gave their support to Cuba. Seventy-one countries, including Britain, Japan, and Russia, abstained from voting. Many of those who abstained reportedly wish to see the embargo eased, but do not want to offend the United States or align themselves with Cuba.

The United States has enforced a unilateral trade embargo against Cuba for 30 years. U.S. President George Bush tightened the embargo last month so that it would apply to foreign-based subsidiaries of U.S. firms. This tougher act also forbids ships from docking in the U.S. for six months after docking in Cuba. Cuba's ambassador to the United Nations described Bush's tactics as the most serious of many forms of aggression the United States has carried out against Cuba. Cuba's economy is already threatened by the loss of trade with eastern Europe and the former Soviet Union. A tighter embargo will only do more damage.

There is no indication that the United Nations' vote will encourage the United States to reverse its latest decision. The United States is once again applying its own legislative demands upon other countries.

Article Analyzes U.S.-EC Trade Dispute

OW2811014592 Beijing BEIJING REVIEW in English No. 47, 23-29 Nov 92 p 12

[Article by Yao Li: "U.S.-EC Trade Row"]

[Text] After the breakdown of trade negotiations between the United States and the European Community (EC) held in Chicago, US Trade Representative Carla Hills announced on November 5 that the United States had no choice but to take the first retaliatory

measures against the EC. This decision—"like a bomb over Europe"—has led to trade tensions between the United States and the EC.

The first punitive measure imposes a 200 percent tariff on US\$300 million worth of EC white wines, wheat bran and oilseeds, which will take effect on December 5. Hills also issued a second list of some US\$1.7 billion worth of tyres, furniture, perfume and glassware, saying that unless the Europeans successfully resolve the dispute within the coming weeks, she would slap higher tariffs on additional items.

It is obvious that these US retaliatory measures have been carefully worked out, directly targeted at France. France is the major exporter to the US of the above-mentioned farm products, ahead of Italy and Germany.

During negotiations in recent years aimed at breaking the deadlock of the Uruguay Round of talks of the General Agreement on Tariffs and Trade (GATT), most EC member states expressed their desire to make concessions with the United States so as to put new vitality into the world economy and international trade. However, France has held a contentious attitude towards the United States. Therefore, the trade negotiations failed to reach any agreement.

After the United States declared punitive tariffs, France, Spain, Ireland and Belgium agreed to take counterretaliatory measures. Conversely, Britain, Denmark, Luxembourg, Germany and the Netherlands declared they would not take such harsh measures in a bid to avoid an all-out trade war, and urged a resumption of the deadlocked trade talks.

Public opinion in Brussels believed that punitive US measures were meant to enlarge the dispute with the EC and force the EC to make concessions. Such a point of view came about after the US retaliatory measures were declared.

The US retaliatory measures have drawn strong reactions within the EC. EC Agriculture Commissioner Ray MacSharry resigned as the European Community's GATT negotiator, having complained that EC Commission President Jacques Delors had interfered in the GATT talks. The 12 EC foreign ministers agreed at a meeting in Brussels on November 10 to seek an immediate resumption of negotiations with Washington, but said they stood ready to respond if the United States fulfilled its threat to impose duties of 200 percent on US\$300 million worth of EC food exports on December 5. After this meeting MacSharry, back in his role as chief EC agricultural negotiator, indicated Washington and Brussels still had serious gaps to bridge. The Trade Negotiation Committee (TNC) of GATT held an emergency meeting in Geneva on the same day, asking its chief, Arthur Dunkel, to rescue the threatened Uruguay Round.

The EC-US dispute over EC subsidies for its oilseeds, which are condemned by the United States as hurting the world trade balance, remains the main obstacle to the conclusion of an agreement on the Uruguay Round. If

the obstacle could be removed and an agreement reached, the seven-year-old round, attended by representatives from 109 countries and regions, would be able to pump US\$200 billion into world trade.

Referring to the foreign ministers meeting of the 12 EC members, Dunkel said he was glad to see there were "good signs and wishes" for more talks.

The US threat seems to open the door for a US-EC agreement. The United States asked the EC to reduce 24 percent of its agricultural subsidies and the EC, which had agreed to 21 percent, intended to make further concessions.

US-EC trade has amounted to US\$200 billion, and the imposition of US\$300 million in duties on farm products is but a small part of this. The agricultural issue in the Uruguay Round of negotiations is less significant than those of services and industry. The deadlock on other issues due to the agricultural issue does not conform with French interests, so Paris is eager to resolve them. Once the US-EC trade negotiations overcome the obstacle of agricultural products, the Uruguay Round negotiations should be smoothly concluded.

Asian Countries To Explore Space Collaboration

*OW281111492 Beijing XINHUA in English 0944
GMT 28 Nov 92*

[Text] Beijing, November 28 (XINHUA)—About 17 Asian and Pacific countries will meet here next Tuesday [1 December] to explore ways on multilateral cooperation in space technology and applications.

The five-day workshop was sponsored by China, Pakistan and Thailand and was attended by over 130 participants from Asian and Pacific countries such as India, the Republic of Korea, Japan, Mongolia, Singapore and Russia. A number of countries will send delegations headed by senior space officials, said Lin Jin, spokesman for the seminar.

Professor Lin, vice-president of the China International Exchange Center for Space Science and Technology, said the workshop will work out detailed plans in regional space cooperation and discuss some legal and financial issues concerning the collaboration.

The seminar is expected to form a regional committee for multilateral cooperation to facilitate training of personnel, information exchange and other issues concerning the cooperation, Lin said.

President Appoints Envoys to Canada, Argentina

*OW2811110892 Beijing XINHUA in English 0907
GMT 28 Nov 92*

[Text] Beijing, November 28 (XINHUA)—Chinese President Yang Shangkun, in accordance with the decision of the Standing Committee of the National People's

Congress, has made the following appointments and removals of ambassadors to the following countries.

Wen Yezhan was removed from his post of ambassador extraordinary and plenipotentiary of the People's Republic of China to Canada.

Zhang Yijun was appointed ambassador extraordinary and plenipotentiary of the People's Republic of China to Canada.

Li Guoxin was removed from his post of ambassador extraordinary and plenipotentiary of the People's Republic of China to the Argentine Republic.

Tang Yonggui was appointed ambassador extraordinary and plenipotentiary of the People's Republic of China to the Argentine Republic.

Li Peng Meets Four Outgoing, New Envoys

*OW2611142192 Beijing XINHUA in English 1052
GMT 26 Nov 92*

[Text] Beijing, November 26 (XINHUA)—Chinese Premier Li Peng met with three outgoing ambassadors to China and one new ambassador here this afternoon.

They are outgoing Tanzanian Ambassador Ferdinand K. Ruhinda, outgoing Japanese Ambassador Hiroshi Hashimoto, outgoing Indian Ambassador Salman Haidar, and new Algerian Ambassador Abed Mahieddine.

He gave positive comments on China's relations with these four nations and expressed the hope that the friendly relationship of cooperation be further strengthened and enhanced.

Li thanked the three outgoing ambassadors for the efforts they had done during their tenure of office to promote the relations between China and their countries they represented, and promised the new Algerian ambassador to render all necessary assistance and cooperation.

Foreign Diplomats Visit Hubei Province

*OW2511223092 Beijing XINHUA in English 1356
GMT 25 Nov 92*

[Text] Wuhan, November 25 (XINHUA)—A group of foreign diplomats and representatives of international organizations to China highly evaluated China's water conservancy projects as they visited the Gezhouba water conservancy project today in Hubei Province.

Composed of 75 people from 53 foreign embassies in China and the Beijing offices of world organizations, including the world monetary fund [as received] and the World Bank, the group of foreign diplomats arrived at Yichang city near the Gezhouba Dam on the Yangtze River early this morning.

Accompanied by Yang Fuchang, China's vice foreign minister, they listened to an introduction about the three gorges project near Yichang and also visited the model of the planned project.

During their four-day visit to the central China province, they also visited the Wuhan Iron and Steel Corporation, the Donghu new technological development zone in Wuhan city and other famous tourist spots in the province.

United States & Canada

Jiang Zemin, U.S. Delegation Discuss Ties

OW3011113092 Beijing Central People's Radio
Network in Mandarin 1030 GMT 30 Nov 92

[From the "National Hookup" program]

[Text] On 30 November General Secretary Jiang Zemin met in Zhongnanhai with a U.S. congressional delegation led by Miss Schroeder, the chairperson of the House Armed Services Committee [rendering of name and title as heard]. Jiang Zemin welcomed Miss Schroeder in heading the first group of U.S. House members to visit China after the U.S. general election. He expressed the hope that in the future more U.S. House members or senators would visit China, so as to enhance understanding, strengthen cooperation, and improve and develop Sino-U.S. relations.

On Sino-U.S. relations, Jiang Zemin said: China and the United States are the world's most influential big countries. Whether relations between the two countries are good or bad not only has a direct bearing on the vital interests of the peoples of the two countries, but also has an important impact on peace and stability in the Asia-Pacific region and even the whole world.

Though drastic changes have taken place internationally, broad, common interests still exist between China and the United States. The world is still in turmoil today and there are a multitude of destabilizing factors. The important responsibilities shouldered by China and the United States in safeguarding peace and stability in the Asia-Pacific region and in the world remain unchanged; the actual needs of the two sides to expand economic ties, trade, and scientific and technological contacts and to bring benefits to their people remain unchanged; and the strong desire of the people of the two countries to improve understanding, friendship, and cooperation also remains unchanged. It is necessary for China and the United States to expand cooperation and give full play to the respective roles that they play in promoting global economic development, improving the environment for mankind, and maintaining regional security.

Jiang Zemin said: The Chinese Government has all along attached importance to Sino-U.S. relations and cherished the hard-earned achievements scored by the people of the two countries through their common

efforts and is willing to work with the U.S. side to continue to promote the development of relations between the two countries.

Jiang Zemin pointed out: Both sides may discuss the differences existing between them on the basis of mutual respect and equality so as to improve mutual understanding and seek common ground while reserving differences. We hope to enhance trust and reduce troubles between China and the United States, and to expand cooperation and avoid confrontation between the two countries. We are willing to hold friendly consultations on the existing issues. Quarreling is not helpful. The above proposals [zhe yang zuo] are made out of consideration for the overall state of Sino-U.S. relations as well as the fundamental interests of the people of China, the United States, and all the people in the world. However, as everyone knows, China is firm on the point that it will never give up its principle because of political pressure.

Jiang Zemin congratulated Mr. Clinton for being elected the next U.S. president. He said: China is willing to cooperate with Mr. Clinton and the new U.S. Government based on the three Sino-U.S. joint communiques; and is willing to work together toward the improvement and development [gai san he fa zhang] of Sino-U.S. ties.

Schroeder and the other congressmen thanked Jiang Zemin for the meeting and the very kind reception given by the Chinese side. They praised China for its social stability, rapid economic development, and its significant improvement in the people's living standards. They expressed their hopes of seeing the Chinese and U.S. sides working hard to strengthen official, interparliamentary meetings and people-to-people exchanges and conducting direct dialogues to improve bilateral understanding.

NPC Official Meets Delegation

OW2811080792 Beijing XINHUA in English 0753
GMT 28 Nov 92

[Text] Beijing, November 28 (XINHUA)—Lei Jieqiong, vice-chairwoman of the Standing Committee of the Chinese National People's Congress (NPC), met with a delegation from the House Armed Services Committee of the United States at the Great Hall of the People here this morning.

The delegation, led by Patricia Schroeder, chairperson of the Military Installations and Facilities Subcommittee of the House Armed Services Committee, arrived here from Seoul Friday [27 November] for a five-day visit. It was the first U.S. Congress delegation to visit China since the U.S. general election earlier this year.

Lei told her guests that China has always attached importance to its relations with the U.S. "It is in the fundamental interests of the two peoples and also conducive to peace and stability in Asia and the rest of the world to maintain good ties between the two countries," she said.

She expressed the hope that the NPC and the U.S. Congress would further enhance their contacts and work together to promote the development of Sino-U.S. relations.

The two sides also exchanged views on issues of common concern, according to a Chinese official present at the meeting.

Among those present were Fu Hao, vice-chairman of the NPC Foreign Affairs Committee, and U.S. Ambassador to China J. Stapleton Roy.

Upcoming Visit by Commerce Secretary Noted

OW2811133192 Beijing XINHUA in English 1319
GMT 28 Nov 92

[Text] Beijing, November 28 (XINHUA)—The United States secretary of commerce, Barbara Franklin, is to visit China between December 16 and 20.

This was announced today by an official at the Chinese Ministry of Foreign Economic Relations and Trade (MOFERT) who said that Ms. Franklin will come at the invitation of Li Lanqing, the Chinese minister of foreign economic relations and trade.

Ms. Franklin and Li will co-sponsor the seventh meeting of the Joint Committee of Commerce and Trade between China and the U.S., which is to be held December 17 and 18.

The MOFERT official said that the annual meeting of the joint committee is the most important consultative mechanism of the economic and trade ties between the two sides.

The meeting is particularly "significant" in that it will be the first since 1989, the official said.

The Chinese and the U.S. delegations will discuss a wide range of issues concerning bilateral economic and trade relations, according to the official.

The topics will include specific measures to further promote and develop bilateral trade, problems that U.S. businessmen face when they invest in China and those that Chinese enterprises face when they develop trade with the U.S., the differences between the two sides in trade statistics, and China's re-entrance into GATT (the General Agreement of Tariffs and Trade) as a signatory state.

The MOFERT official said the meeting will "no doubt push Sino-U.S. economic and trade relations to a new level" and will "inject more positive elements into bilateral relations", creating better the environment for expanding trade ties between enterprises of the two countries.

Spokesman: PRC Ready To Work With Clinton

OW2711135292 Beijing BEIJING REVIEW in English
No 46, 16-22 Nov 92 p 5

[Text] Chinese leaders have sent congratulations to Bill Clinton on his election as the 42nd president of the United States, said Chinese Foreign Ministry spokesman Wu Jianmin at a news briefing on November 5.

"The Chinese Government always attaches importance to Sino-US relations and is ready to work with the new US administration on the improvement and development of bilateral ties on the basis of principles enshrined in the three Sino-US joint communiques," he said.

When asked whether the Chinese side is worried that Clinton would attach conditions to Most Favoured Nation (MFN) trade status after he takes office, the spokesman said that any action attaching conditions to MFN status is "unwise" and "unacceptable to China."

Asked whether the quarrel between China and the US on the issue of human rights would result in setbacks in bilateral relations, since Clinton fiercely criticized China on this issue during his presidential campaign, Wu said there exists a wide range of common interests, but differences as between the two countries because they have different social systems, ideologies, cultures, and histories.

In response to a request for comment on the decisions of the United States and South Korea to resume joint military exercises on the Korean Peninsula, the spokesman said China always opposes grand military manoeuvres in that region.

Response to U.S. China Policy Change Viewed

HK3011125992 Hong Kong CHENG MING in Chinese
No 182, 1 Dec 92 p 30

[Article by Lin Lin (2651 2651): "China Makes Urgent Plans to Deal With Clinton"]

[Text] After Clinton takes office next January, the U.S. China policy will certainly be adjusted. China is now facing pressure from Clinton and has begun to work on countermeasures.

Recently, Jiang Zemin, general secretary of the CPC Central Committee, said at a meeting at the Foreign Ministry: We should dare to face reality squarely regarding the development of Sino-U.S. relations in the future. If the United States wants to change, we should also make corresponding adjustments after it makes changes. We shall proceed from good intentions, take the three communiques as the principle, and strive to establish friendly relations favorable to world peace and favorable to China and the United States with the new U.S. administration. However, we should not hold unrealistic illusions. We must adhere to principles. No one is allowed to infringe upon our sovereignty and interfere in our internal affairs. We shall watch Clinton's next move,

and we shall still follow our current line in carrying out foreign exchanges in the diplomatic field and opening wider in the aspect of trade. If our foreign trade is lopsided toward one or two trade partners, we will be liable to be constrained by political factors, so this state of affairs should be changed. Both China and the United States are large countries. It is true that we are poorer and the United States is richer. However, we are on the rise, and the United States is faced with a great deal of trouble at home. In the final analysis, neither of the two nations has to rely on the other for its existence and development. The United States is aware of this. Strategically, we should be prepared for the worst scenario. In view of the present conditions, we may suffer some losses in trade with the United States, and there will be no more serious influences and losses in other fields. If the United States does not abide by the three communiqués, we may gain greater initiative in international affairs.

It is said that the Ministry of Foreign Affairs set up a provisional study group on U.S. relations last March. The group is headed by Qian Qichen, and has five sub-groups responsible for five different issues: (1) the impact of the U.S. presidential election on relations with China; (2) the U.S. approach to the three joint communiqués; (3) U.S. policy on trade with China; (4) U.S. policy toward Asia, Japan, and the ROK; and (5) U.S. arms sales to Taiwan.

Recently, the foreign ministry completed a report on the trend of U.S. policy toward China. The report has been submitted to a State Council meeting for consideration. The report mentioned eight issues:

Clinton may set tariff barriers on Sino-U.S. trade, and may attach strings to China's most-favored-nation status, thus damaging mutually favorable trade arrangements and causing losses and an adverse impact; the U.S. sale of F-16A and F-16B fighters to Taiwan could have a political and military impact on Western European sales of other weapons to Taiwan; the United States uses human rights as a pretext to interfere in China's internal affairs, and we must react against this; the United States may impede China from joining GATT by setting forth various new conditions; the United States may raise new problems with its trade deficit and the implementation of Article 301; the United States may set up a free Asia radio station to conduct subversive propaganda and ideological infiltration; and changes in the political and economic policies of the United States toward the Asia and Pacific region and changes in the U.S. attitude toward the provisions of the Sino-U.S. joint communiqués could worsen Sino-U.S. relations and even cause regional tension and other consequences.

It has been learned that such members of the new CPC Political Bureau as Jiang Zemin, Li Peng, Liu Huaqing, Li Tieying, Wei Jianxing, and Wang Hanbin stand for adopting tit-for-tat measures against U.S. China policy and keeping a tough position by adhering to the three

joint communiqués and the five principles of state-to-state relations when handling relations with the United States. They say that state sovereignty, national dignity, and an independent foreign policy must not be bartered away for temporary economic benefits. China should continue to oppose hegemonism and power politics in international affairs.

Central Eurasia

'New Progress' Reported in Border Troop Talks

OW2811082892 Beijing XINHUA Domestic Service in Chinese 0618 GMT 28 Nov 92

[Text] Beijing, 28 Nov (XINHUA)—The eighth round of talks on reducing military forces in border areas and strengthening mutual trust in the military field was held in Beijing from 9 to 27 November. Ambassador Wang Ganghua led the Chinese delegation to the talks, while Solovyev, director of the Asia-Pacific Department of the Russian Ministry of Foreign Affairs, led a joint delegation representing Kazakhstan, Kyrgyzstan, the Russian Federation, and Tajikistan.

According to the Ministry of Foreign Affairs, the delegations of the two sides had an extensive [guang fan 1639 3131] and in-depth [shen ru 3234 0354] exchange of views on the contents of relevant agreements in a friendly [you hao 0645 1170] and practical [qiu shi 3061 1395] atmosphere, and they achieved new progress [xin de jin zhan 2450 4104 6651 1455]. The two sides agreed to speed the talks and to hold the next round of talks in Moscow.

During the talks, Tian Zengpei, vice minister of foreign ministers, and Xiong Guangkai, assistant chief of general staff of the Chinese People's Liberation Army, met with the joint delegation on separate occasions.

Special Economic Zone To Be Built in Russia

HK3011014692 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0718 GMT 28 Nov 92

[Text] Hong Kong, 28 Nov (ZHONGGUO TONGXUN SHE)—The relevant department disclosed that the relevant departments of the Chinese and Russian Governments are now actively conducting consultations on jointly building a special economic zone. It is expected that Russian President Yeltsin's upcoming visit will make the plan definite.

This planned special economic zone in Russia, to cover 247 square km, is only 25 km from the downtown area of Moscow.

The special economic zone will import Chinese food, building materials, electronics, medical equipment, medicine, light industry, textile industry, and other technologies, set up enterprises, and build large wholesale commercial centers, hotels, residential buildings, as well as tourist and amusement facilities.

The special economic zone will practice special economic policies and measures.

Jiang Chunyun Meets Moscow Oblast Delegation

SK2711041792 Jinan Shandong People's Radio Network in Mandarin 2300 GMT 26 Nov 92

[Text] On the evening of 26 November at Qilu Guesthouse of Jinan, Jiang Chunyun, member of the political bureau of the CPC Central Committee and secretary of the Shandong Provincial CPC Committee; and Zhao Zhihao, deputy secretary of the provincial party committee and governor of the provincial government, cordially met with a seven-member delegation headed by (Svistunov), deputy head of Moscow Oblast of the Russian Federation, and jointly organized by the Russian international cooperation association, the Russian international friendship city association, and the Russian-Sino friendship association; and expressed welcome to them.

The delegation visited Shandong with a view to investigating some cities and prefectures; to comprehensively understanding the provincial political situation, the provincial economic construction situation, the achievements in reform and opening up; and to holding talks on developing friendship and cooperation between the province and the oblast and on inviting specialists to undertake some construction projects on a contracted basis in the Russian Federation.

At the meeting, Jiang Chunyun said: The friendship between China and the Russian Federation goes back to ancient times. Qilu is a province of courtesy. You should naturally be welcomed. I sincerely wish that you will have a smooth and happy time in Shandong.

After the meeting, Ma Shizhong, vice governor of the provincial government; and (Svistunov), deputy head of Moscow Oblast, signed the agreement on establishing friendship and cooperation ties on behalf of Shandong Province and Moscow Oblast.

The delegation also called at Governor Zhao Zhihao at the office of the provincial government on the morning of 26 November. Both the host and guests cordially and warmly held talks with each other.

Zhao Zhihao said: The people of Shandong have a traditionally profound feeling of the Russian people. I could sing several Russian songs since I was young. I was also a member of the first committee of the Sino-Soviet Friendship Association. We feel like old friends at the first meeting today just because we are old friends.

(Svistunov), head of the delegation, said: I grew up under the Sino-Soviet friendship environment. So, I have a long-standing feeling of the Chinese people. Your achievements in reform and open up showed that the paths that you have taken are correct. You experiences merit studying and using for reference.

Zhao Zhihao also introduced to the guests Shandong Province's geographic advantages, rich mineral

resources, and rapid economic construction situation. He hoped that both sides would further enhance the cooperation and exchanges in many spheres.

Vice Governor Ma Shizhong attended the talks.

Defense Minister Meets Lithuanian Counterpart

OW3011133592 Beijing XINHUA in English 1254 GMT 30 Nov 92

[Text] Beijing, November 30 (XINHUA)—General Qin Jiwei, Chinese state councillor and defence minister, held talks with visiting Lithuanian Defence Minister Audrius Butkevicius here today.

They exchanged views on the friendly exchanges between the Armed Forces of the two countries and on international issues of common concern.

Butkevicius and his party arrived in Beijing this morning for a five-day visit at the invitation of Qin.

Qin presided over a ceremony in front of the military museum this afternoon to welcome the guests, and hosted a dinner in their honor this evening.

Northeast Asia

Tian Jiyun Meets Japanese Trade Delegation

OW2811130292 Beijing XINHUA in English 1230 GMT 28 Nov 92

[Text] Beijing, November 28 (XINHUA)—Chinese Vice-Premier Tian Jiyun met with a visiting delegation from the Japanese Association for the Promotion of International Trade (JAPIT) here this afternoon.

During the meeting, Tian briefed the Japanese visitors on China's domestic situation, saying that the accelerated pace of the reform and economic construction in China would help expand the economic and trade relations between the two countries.

The delegation, headed by JAPIT Vice-Chairman Yoshiyama Hirokishi, arrived here November 25 at the invitation of the China Council for the Promotion of International Trade.

Li Lanqing Holds Talks With Investment Group

OW2711062392 Beijing Central People's Radio Network in Mandarin 1030 GMT 23 Nov 92

[From the "National Hookup" program]

[Text] Li Lanqing, minister of foreign economic relations and trade, met with Ishiura Kisaburo, chairman of the Organization for the Promotion of Japanese-Chinese Investments, and his party this afternoon in Beijing.

Huang Hua, Ye Xuanping Meet Economic Group Head

OW2911075192 Beijing XINHUA Domestic Service in Chinese 1323 GMT 24 Nov 92

[Text] Tokyo, 24 Nov (XINHUA)—Huang Hua and Ye Xuanping, respectively head and chief advisor of a Chinese goodwill delegation, met with Gaishi Hiraiwa, chairman of Japan's Federation of Economic Organizations [Keidanren] here this morning.

At the meeting, the two sides stressed the need to step up cooperation and exchanges between China and Japan so that the two peoples can live in friendship from generation to generation.

Mr. Hiraiwa recalled his memorable meetings with President Yang Shangkun, Premier Li Peng, and Vice Premiers Zhu Rongji and Tian Jiyun during his visit to China last September. Noting China's world-acclaimed achievements in reform and opening up, he said many Southeast Asian countries he visited shared his view on China's notable achievements in reform and opening up, especially in the southern China.

Huang Hua said: The just concluded 14th CPC National Congress has set the establishment of a socialist market economic system as the goal of China's reform. To this end, China needs to explore continuously, and assimilate all the fruits of human civilization and experiences from various countries. We hope to step up exchanges and cooperation with Japanese friends in various circles.

Ye Xuanping said: The purpose of our current visit to Japan is to strengthen bilateral exchanges and cooperation. We have fulfilled this purpose through the activities of the past few days.

Huang Hua and Ye Xuanping presented Mr. Hiraiwa with a calligraphy of Tang Dynasty poet Zhang Ji's poem "Overnight at Maple Bridge," penned by delegation advisor Su Hua.

View Visit, Bilateral Ties

OW2911202992 Beijing XINHUA Domestic Service in Chinese 1307 GMT 24 Nov 92

[By reporters Li Shangzhi (2621 1424 1807) and Qi Yongqiang (7871 3057 1730)]

[Text] Tokyo, 24 Nov (XINHUA)—Ye Xuanping, vice chairman of the Chinese People's Political Consultative Conference, said here this afternoon: The Chinese goodwill delegation's nine-day visit to Japan has been a complete success. He said: Developing Sino-Japanese relations fully accords with the fundamental interests of China and Japan. No matter what changes take place in the international situation, the trend to develop Sino-Japanese relations cannot be reversed.

On the eve of its departure, the Chinese goodwill delegation to Japan, headed by Huang Hua, president of the China Association for International Friendly Contacts,

and with Ye Xuanping as its chief adviser, held a report meeting in Tokyo to brief Japanese friends on what has been achieved by the visit. In his summation, Ye Xuanping stressed: The success of this visit will have a positive effect on exchanges and cooperation between China and Japan in the future.

Speaking of how to correctly understand and develop Sino-Japanese relations, Ye Xuanping said: We had earnest discussions with our Japanese friends. We believe Sino-Japanese relations should develop in a way that is conducive to the Asia-Pacific region and the entire world and become a factor helping to stabilize the international situation and the model for international cooperation, thus playing a positive role in promoting a new international order of justice and fairness and in promoting peace and development around the world and in the Asia-Pacific region.

Ye Xuanping set forth specific proposals with regard to further developing Sino-Japanese friendly relations. He said: We should give full play to the functions and advantages of civilian organizations so people-to-people exchanges can be developed more effectively. We should maintain the continuity of our efforts to promote Sino-Japanese friendship and to bring up successors for this undertaking. We should strengthen exchanges and contacts between localities at various levels other than the central authorities and enhance professional exchanges in the economic field. In this respect, it is hoped that the Japanese side will provide more assistance, encourage Japanese enterprises to invest and set up joint ventures in China, and help facilitate technology transfers.

Ye Xuanping's comments were well received by the Japanese participants. Chairman Setsuya Tabuchi of Japan's Sasagawaheiwai Zaidan, the delegation's host, also congratulated the Chinese goodwill delegation on its successful visit and wished for Japan and China to live in friendship for generations to come.

Other members of the delegation—deputies to National People's Congress; social activists; personages from economic, women's, and literary and art circles—also spoke at the meeting.

The 128-member delegation arrived in Tokyo on 16 November. During its stay in Japan, the delegation attended a celebration meeting marking the 20th anniversary of the normalization of Sino-Japanese diplomatic ties. Some of the delegates were received by Japanese Prime Minister Kiichi Miyazawa. The delegation also visited Kumamoto, Oita, Osaka, Sapporo, Hakodate, Aomori, Yokohama, and other places and had extensive exchanges with old Japanese friends and new acquaintances from all circles.

Huang Hua and Ye Xuanping gave a return banquet at Tokyo's Ohkura Hotel to thank the Sasagawaheiwai Zaidan and Japanese friends for their warm hospitality. The delegation will leave Tokyo for China tomorrow afternoon.

Japan Aids PRC Sub-Tropical Forest Research*OW2611034092 Beijing XINHUA in English 0146
GMT 26 Nov 92*

[Text] Fuzhou, November 26 (XINHUA)—In the past year, Chinese and Japanese researchers has made a series of achievements in their joint study of the sub-tropical forests in southeast China's Fujian Province.

This was disclosed at a recent seminar held in Fuzhou, the provincial capital, held to further implement the Sino-Japanese cooperative research project.

The research, which will last five years and was launched in July last year, is the largest-ever international joint governmental, technological project for Fujian.

According to official sources, the project is aimed at improving wood production and forest management of sub-tropical forests in south China.

Over the year, seven pilot spots were set up in Fuzhou, Sanming, and Nanping cities.

According to the agreement between the two sides, the Japanese side provides all the necessary equipment and instruments with a total value of two million yuan (about 360,000 U.S. dollars).

Local forest experts noted that the cooperation will certainly upgrade China's ability in managing and utilizing its vast sub-tropical forest resources in the south.

ROK President, Song Jian Discuss Cooperation*OW2811222892 Beijing XINHUA Domestic Service in Chinese 0842 GMT 27 Nov 92*

[Text] Seoul, 27 Nov (XINHUA)—Korean President No Tae-u met with Song Jian, Chinese state council and minister in charge of the State Science and Technology Commission, at the Presidential Palace on 26 November. The two sides conducted cordial and friendly talks.

No Tae-u recalled the hospitality shown him during his September visit to China as well as his meetings with Chinese leaders. He praised the principle laid down by the 14th CPC National Congress of building a socialist market economy in China and of speeding the drive toward reform and openness. He expressed hope for steady growth and new progress in cooperation between China and Korea in science and technology and in other fields.

Song Jian thanked President No for meeting with him and indicated the Chinese Government's intention of continuing to work for progress in scientific and technological cooperation between the two countries.

Song Jian conveyed the regards of Chinese leaders Jiang Zemin, Yang Shangkun, and Li Peng to No Tae-u. In return, No Tae-u asked Song Jian to convey his regards to the Chinese leaders.

Kim Chin-hyon, Korean minister of science and technology; Hui Yongzheng, vice minister in charge of China's State Science and Technology Commission; Lu Yucheng, vice mayor of Beijing Municipality; and Zhang Tingyan, Chinese ambassador to Korea, attended the meeting.

The scientific and technological delegation from the Chinese Government arrived in Seoul on 25 November for a visit to Korea. It was led by Song Jian.

Chief of PLA General Staff Meets DPRK Visitors*OW2511142192 Beijing XINHUA in English 1405
GMT 25 Nov 92*

[Text] Beijing, November 25 (XINHUA)—Lieutenant General Zhang Wannian, chief of the general staff of the Chinese People's Liberation Army, met with a visiting goodwill delegation of the Korean People's Army headed by Senior General jon jae son [name as received], deputy chief of the army general staff, here this evening.

Zhang and Korean visitors had a cordial and friendly conversation on strengthening friendly relations between the two countries and armies.

Southeast Asia & Pacific**Li Peng Makes 'Official Goodwill' SRV Visit****Predeparture News Conference***OW3011013292 Beijing XINHUA in English 0115
GMT 30 Nov 92*

[Text] Beijing, November 30 (XINHUA)—Chinese Premier Li Peng left here this morning for a five-day official goodwill visit to Vietnam.

Addressing a brief press conference before departure, Li, the first top Chinese leader to visit Vietnam in 21 years, said he expects this trip to promote the good-neighborly and friendly relations between the two countries.

Also, Li told the press that Vice-Premier Yao Yilin will be acting premier during his visit.

Views Visit, Spratlys*CM3011161892 Beijing XINHUA Domestic Service in Chinese 0821 GMT 30 Nov 92*

[Text] Beijing, 30 Nov (XINHUA)—Chinese Premier Li Peng, who left here for a five-day official goodwill visit to Vietnam this morning, said he expects the trip to make new contributions to the growth of Sino-Vietnamese friendly ties.

Li is the first top Chinese leader to visit Vietnam since late Premier Zhou Enlai headed a party and government delegation in 1971.

At a brief news conference before his departure, Li said the recent national congress of the Chinese Communist

Party reaffirmed the country's long-term development strategy and the independent foreign policy of peace.

China, taking the establishment of a socialist market economy as the goal of economic restructuring, will continue to advance along the path of building socialism with Chinese characteristics, he said.

He said China will continue to seek friendly ties with all the countries on the basis of the Five Principles of Peaceful Coexistence.

As China and Vietnam are close neighbors "we are willing to develop a good-neighborly and friendly relationship with Vietnam," he said. "Therefore I hope and believe that this visit will serve as a positive impetus to the promotion of friendly cooperation."

Asked about his feelings before the trip, Li said China and Vietnam had enjoyed "very good relations" in the past although "some unpleasant things" soured ties for a while, he said.

Bilateral relations were restored after a high-level Vietnamese delegation's visit to China last November, which was in the fundamental interests of both peoples, he said.

"I hope this trip will make new contributions to the two countries' efforts to end the past and open up a future," Li said.

China and Vietnam share many common points, Li said. Both countries are focusing on economic development, engaging in reform and opening in the light of realities. As neighbors, the two countries share a long common border, with their peoples enjoying time-honored exchanges, and the two countries' economies are mutually complementary, he added.

Referring to "another important point," he said, the parties and governments of both countries have made the decision to expand bilateral friendly cooperation.

All of these constitute favorable conditions for developing Sino-Vietnamese relations, Li said.

Asked whether the visit will have any impact on the Nansha [Spratly] Islands issue and other territorial disputes between the two countries, Li reiterated China's consistent position, saying the Chinese Government always stands for settling territorial disputes between nations by peaceful means rather than resorting to force. The Vietnamese side has also expressed the same desire, he added.

So long as both sides "share the wishes," the Nansha issue can be properly resolved through peaceful negotiations, he said. China has reached very good understanding with some ASEAN nations on the issue, he added.

Of the pending problems between China and Vietnam, some can be settled right now, while negotiations can

continue on others that cannot be resolved for the time being, he said. However, common points far outnumber the disputes, he said.

Through this visit, leaders of the two countries can better understand each other's views, while enhanced mutual understanding will benefit the resolution of the issue, he said, adding he is confident that the visit will achieve successful results.

The premier is accompanied by his wife Zhu Lin, Minister of Foreign Economic Relations and Trade Li Lanqing, Deputy Secretary-General of the State Council He Chunlin, Director of the Foreign Affairs Office of the State Council Qi Huaiyuan, and Vice-Foreign Minister Xu Dunxin.

Seeing Li off at the Great Hall of the People were Standing Committee member of the Political Bureau of the Chinese Communist Party Central Committee Qiao Shi, Vice-Premiers Yao Yilin and Wu Xueqian, vice-chairman of the Standing Committee of the National People's Congress Peng Chong, and State Councillor and Foreign Minister Qian Qichen.

Arrives in Hanoi, Reads Statement

OW3011134692 Beijing XINHUA Domestic Service in Chinese 0845 GMT 30 Nov 92

[By correspondents Zun Cheng (1415 2052), Zhang Jiaxiang (1728 0502 4382), and Ding Qilin (0002 0366 2651)]

[Text] Hanoi, 30 Nov (XINHUA)—At the invitation of Vo Van Kiet, premier of the government of the Socialist Republic of Vietnam, Li Peng, premier of the State Council of the People's Republic of China, arrived here by special plane today to begin a five-day official goodwill visit to Vietnam.

It is early winter in Hanoi. The sky was clear, and there was a gentle breeze. Over the past few days, colorful flags and huge streamers have been hung up on both sides of the major streets in Hanoi. On the streamers these words were written: "Warmly Welcome Premier Li Peng of the People's Republic of China for Paying an Official Goodwill Visit to Vietnam" and "Wishing That Friendly and Cooperative Relationships Between Vietnam and China Continue To Develop." A Chinese party and government delegation led by Premier Zhou Enlai paid a visit to Vietnam in March 1971. Twenty-one years later, Premier Li Peng and other Chinese guests are now warmly welcomed by the Vietnamese people, one year after the normalization of relations between Vietnam and China.

Under bright sunshine, the national flags of the two countries fluttered over Hanoi international airport. At exactly 11:33 [0333 GMT], the special plane, a China Civil Aviation Administration Boeing 767 carrying Premier Li Peng and his entourage, smoothly touched down at the airport. Pham Go Bo [name as received], director of the Protocol Department of the Vietnamese Ministry

of Foreign Affairs, and Chinese Ambassador to Vietnam Zhang Dewei boarded the plane to welcome Premier Li Peng and his party.

Also arriving in the same plane were Zhu Lin, wife of Li Peng; Minister of Foreign Economic Relations and Trade Li Lanqing; Deputy Secretary General of the State Council He Chunlin; Director of the Foreign Affairs Office of the State Council Qi Huaiyuan; and Vice Foreign Minister Xu Dunxin.

Nguyen Cong Tan, chairman of the reception committee of the Vietnamese Government, minister of agriculture and food industry, and president of the Vietnam-China Friendship Association; Vice Foreign Minister Vo Gan [name as received]; Vietnamese Ambassador to China Dang Nghiem Hoang; and staff of the Chinese Embassy in Vietnam warmly welcomed Premier Li Peng and his party at the airport, and accompanied them to the Presidential House in downtown Hanoi to attend a welcoming ceremony.

Premier Li Peng issued a written statement at the airport to convey the Chinese people's cordial regards and good wishes for the Vietnamese people.

He said: "China and Vietnam are linked by mountains and rivers and the two peoples enjoy a traditional friendship. In the course of their respective struggles for national independence and liberation, the Chinese and Vietnamese people have forged a profound friendship through mutual sympathy and support. In November of last year, the summit between the leaders of the two countries brought about a normalization of relations between the two countries, bringing Sino-Vietnamese relations to a new stage of development. It is my conviction that further consolidating and strengthening friendly Sino-Vietnamese relations and cooperation not only conforms to the common aspirations and fundamental interests of the two peoples, but also contributes to regional peace, stability, and development."

Li Peng said: "I will meet and hold talks with Premier Vo Van Kiet and other Vietnamese leaders to conduct extensive and in-depth exchanges of views on further developing bilateral relations and on international issues of common interest. I believe this current visit will help enhance mutual understanding and give an impetus to the development of good-neighborly relations between the two countries."

Honored at Welcoming Ceremony

CM3011161092 Beijing XINHUA Domestic Service in Chinese 0903 GMT 30 Nov 92

[Text] Hanoi, 30 Nov (XINHUA)—Visiting Chinese Premier Li Peng was honored at a welcoming ceremony given by Vietnamese Prime Minister Vo Van Kiet here early this afternoon.

The ceremony was held on the square of the presidential house in Hanoi.

The house, where Premier Li will be staying, is now the memorial site about the life and deeds of President Ho Chi Minh, who lived and worked here from late 1954 to his last day in September 1969.

When Li Peng and his wife Zhu Lin arrived at the square of the presidential house, Prime Minister Kiet and his wife walked forward to shake hands warmly with them.

The Chinese premier, accompanied by Prime Minister Kiet, stepped onto the reviewing stand and the band played the national anthems of both countries.

In the company of Kiet, Li reviewed a guard of honor made up of the three services of the Vietnamese People's Armed Forces.

Following the ceremony, Kiet introduced to Li senior Vietnamese officials present, including Deputy Prime Minister Tran Duc Luong, Foreign Minister Nguyen Manh Cam and chairman of the reception committee Nguyen Cong Tan.

The two premiers will have a brief meeting before their official talks this afternoon.

Meets Vo Van Kiet

CM3011161392 Beijing XINHUA Domestic Service in Chinese 0920 GMT 30 Nov 92

[Text] Hanoi, 30 Nov (XINHUA)—Vietnamese Prime Minister Vo Van Kiet said this afternoon that his government valued highly Chinese Premier Li Peng's current visit.

In a brief meeting with Li after the welcoming ceremony, he expressed his belief that fresh progress would be achieved in Vietnamese-Chinese relations through the current visit.

Kiet extended warm welcome to Premier Li on behalf of the Vietnamese Government and people, wishing his trip a complete success.

Li said he was much delighted to visit Vietnam and was looking forward to holding fruitful meetings and talks with Vietnamese leaders.

He expressed his belief that his visit would further promote Sino-Vietnamese friendly and cooperative relations.

Those present on the occasion included Vietnamese Deputy Prime Minister Tran Duc Luong, Foreign Minister Nguyen Manh Cam and chairman of the Vietnamese Government reception committee Nguyen Cong Tan.

Premier Li's wife and other members of his entourage attended the meeting.

Li arrived here this noon on a five-day official goodwill visit to Vietnam at the invitation of Prime Minister Kiet.

'Special Article' on Visit

HK3011133492 Hong Kong TA KUNG PAO in Chinese
30 Nov 92 p 2

["Special Article" by Pu Yen (2613 6056): "Shelve Disputes and Expand Cooperation—Article Written on Eve of Premier Li Peng's Visit to Vietnam"]

[Text] At the invitation of Vietnamese Prime Minister Vo Van Kiet, Chinese Premier Li Peng will leave Beijing on 30 November for a five-day official goodwill visit to Vietnam. This is another important visit by a Chinese leader to Vietnam, following that by the late Premier Zhou Enlai in 1971.

A Chinese Foreign Ministry spokesman told this writer the other day that, during Premier Li Peng's stay in Vietnam, the leaders of the two countries will exchange views on bilateral ties and international and regional issues of common concern. The purpose of the visit is to consolidate and expand Sino-Vietnamese ties based on the Five Principles of Peaceful Coexistence.

As everyone knows, China and Vietnam underwent a period of intimate "comradely and brotherly" relations. A decade or so later, relations between the two countries deteriorated and even led to military confrontation.

Relations between the two countries were normalized following a visit to China by a high-level Vietnamese delegation, led by CPV [Communist Party of Vietnam] General Secretary Do Muoi and Prime Minister Vo Van Kiet, last November. In the year following the normalization of ties, relations between the two countries developed smoothly on the whole, bilateral contacts increased, and the two governments signed eight agreements, including a trade agreement, a provisional agreement on the handling of border matters, an agreement on economic cooperation, an agreement on visa exemptions, and an aviation agreement.

However, the development of Sino-Vietnamese ties was not smooth during the year. The two countries have occasionally had disputes on their sovereignty over the Spratlys, and the terms used in government statements were relatively strong. Nevertheless, the two sides have not given up hope of settling territorial disputes peacefully through consultations. Hence, the foreign and deputy foreign ministers of the two countries held consultations, which have eased the tension in bilateral ties. It is against this background that Premier Li Peng has been invited to visit Vietnam.

According to recent speculation by foreign press agencies, while in Hanoi, Premier Li Peng will focus his discussions on territorial disputes. The media is concerned about the progress made by Premier Li Peng in settling territorial disputes. According to insiders, apart from approaching the territorial issue, the leaders of the two countries will also discuss important matters on further expanding bilateral cooperation in the political, economic, and cultural fields.

Sovereignty over the Spratlys is a question that has cropped up over the past 50 years or so. Although the Chinese side has ample proof and historical material to show that the Spratlys belong to China, the Chinese Government has put forward the following principle for settling disputes: "Sovereignty belongs to China, shelve the dispute, settle by peaceful means, and engage in joint development." In the face of a grim situation of an invasion of the Spratlys territory and waters by Vietnam or other countries, the Chinese Government has put forward such magnanimous principles for settle disputes for the sake of maintaining the stability and development of the region, as well as its own economic development.

China has defined its basic line of taking economic construction as the central task. To smoothly implement this line, China needs a harmonious and stable border environment. In view of the fact that the time settling the dispute on sovereignty over the Spratlys is not yet ripe, China prefers shelving the dispute and engaging in joint development. When the time is ripe, the dispute can then be settled through consultations. In recent years, China's friendly and harmonious relations with its neighbors have developed in a favorable direction. China does not want to see any harm caused to such relations.

According to analyses by most of observers here, Premier Li Peng does not have any plans in his current itinerary to settle the territorial dispute between the two countries, nor does he expect to make marked progress on the issue. While discussing the question, the leaders of the two countries will merely state their position in a frank manner and express their willingness to settle the dispute through consultations.

China and Vietnam are close neighbors. The development of friendly and cooperative ties, which is the common aspiration of the people of the two countries, also conforms to the fundamental interests of improving the people's livelihood and the economic development of the two countries. It will also be conducive to stability and development in Southeast Asia. Hence, the main purpose of Premier Li Peng's current trip to Hanoi will be to strengthen bilateral ties of friendship and cooperation.

According to a well-informed source, during Premier Li Peng's stay in Vietnam, the two countries will sign a number of agreements on strengthening economic, scientific, and technological cooperation; investment protection; and cultural exchanges. The two sides will also issue a joint communique, which will serve as a guide to the further development of bilateral relations. It is anticipated that Li Peng's visit will play a positive role in stabilizing and consolidating Sino-Vietnamese ties and expanding cooperation in various fields. Undoubtedly, his visit will be a new milestone in the history of Sino-Vietnamese relations.

Beijing To Sign Trade Agreements With SRV

HK2811043092 Beijing CHINA DAILY in English 28 Nov 92 p 2

[Report by staff reporter Wang Yong: "Vietnam Ties Fortified"]

[Text] China and Vietnam will make several economic agreements next week when Chinese Premier Li Peng visits the country.

The two nations, which resumed diplomatic relations one year ago, will sign the pacts on investment protection as well as on economic, scientific and technological cooperation, a senior Chinese trade official said.

Wei Xiaorong, deputy director general of the Asian Affairs Department under the Ministry of Foreign Economic Relations and Trade (Mofert), said the pacts will be a landmark in the progress of bilateral co-operation, following years of skirmishes.

During the week-long visit, starting next Monday, Wei and other Mofert officials, led by Mofert Minister Li Lanqing, are scheduled to hold special talks with their Vietnamese counterparts.

"We expect our trade and economic collaboration will receive a shot in the arm from the talks," Wei said in an exclusive interview with China Daily yesterday.

He added the two sides will settle down to resolve problems still existing in bilateral economic relations, but declined to give details.

Trade analysts say the impending high-powered Chinese visit to Vietnam may spawn positive results.

How to promote border trade between the two neighbours will also be discussed, Wei said.

He added border trade has witnessed hectic development in the past and has helped foster an upsurge in bilateral trade.

But there are reports that border trade has plummeted and, in many cases, has been under chaotic management.

Other topics, such as possible renewed financial co-operation, are likely to be touched upon, trade analysts said.

China helped Vietnam build a number of factories during the 1960s and has been asked by the latter to renovate those projects.

Wei did not comment on this.

"However, we're sure that China is set to increase its direct investment in Vietnam after the pacts are signed," he said.

China has so far clinched more than \$100 million of contracts for engineering projects in Vietnam and has exported a number of skilled technicians.

China's imports from Vietnam include copper, coal, rubber, timber and chemical raw materials.

China's exports range from foodstuffs to building materials, automobiles and home appliances.

Jan-Sep Trade Volume With SRV Increases

OW2711092492 Beijing XINHUA in English 0801 GMT 27 Nov 92

[Text] Beijing, November 27 (XINHUA)—With the steady improvement of Sino-Vietnamese relations, the trade between the two countries is rising again.

From January to September this year the volume of China's imports from and exports to Vietnam totaled 104 million U.S. dollars-worth, a three-fold increase over the same period last year, according to statistics from the General Administration of Customs.

Of the total volume in the first nine months of this year, exports recorded 64.48 million U.S. dollars-worth, a 2.8-fold increase, and imports reached 39.03 million U.S. dollars-worth, an increase of 3.5 times over the same 1991 period.

According to a customs official, among the 12 major categories of China's export commodities whose volumes topped one million U.S. dollars-worth, exports of iron and steel were the highest with 26.94 million U.S. dollars-worth, followed by inorganic chemicals, diesel oil, kerosene, building materials and other commodities.

The main categories of commodities imported by China from Vietnam this year included crude oil, fruits and nuts, animal and vegetable fats or oils.

The official said that breakthroughs have been made in Sino-Vietnamese trade every year since 1990. He expected that the coming years will witness more increases.

SRV National Assembly Group Visits Shanghai

OW2811131192 Shanghai People's Radio Network in Mandarin 2300 GMT 26 Nov 92

[From the "Morning News" program]

[Text] A delegation from the Commission for Social Affairs of the Vietnamese National Assembly arrived in Shanghai yesterday [26 November]. It is led by Nguyen Thi Than, member of the Central Committee of the Communist Party of Vietnam, member of the Standing Committee of the National Assembly, and chairwoman of the Commission for Social Affairs of the National Assembly.

Last night, Hu Chuanzhi, vice chairman of the Standing Committee of the municipal People's Congress, met with Nguyen Thi Than and her delegation. The two sides held friendly talks.

Vietnamese Customs Officers Visit China

BK3011070192 Hanoi VNA in English 0647 GMT 30 Nov 92

[Text] Hanoi VNA Nov. 30—Customs led by Truong Quang Duoc, member of the Central Committee of the Communist Party of Vietnam and head of the department, is paying a friendship visit to China at the invitation of the General Administration of Customs of China.

The delegation held talks with the head of China's General Administration of Customs, Dai Jie.

Besides Beijing it has visited Shanghai and Shenzhen.

Near East & South Asia

Agreement on Thermal Power Signed With Pakistan

BK3011093692 Islamabad Radio Pakistan Network in Urdu 0200 GMT 30 Nov 92

[Text] Pakistan and China have signed an agreement on cooperation in the field of thermal power production in Pakistan. Pakistan Federal Minister of Production Islam Nabi and China's Minister of Machinery Guaguan signed the agreement in Beijing. Under the agreement China will provide assistance to Pakistan in meeting its energy requirements. Both countries agreed to cooperate in setting up a thermal power station in Pakistan on the basis of joint investment and joint production.

The Chinese minister said that this is a significant agreement which reflects the development of cooperation in the fields of economic and technical progress.

Nepalese Prime Minister Pledges Support for Ties

OW2611134792 Beijing XINHUA in English 1317 GMT 26 Nov 92

[Text] Kathmandu, November 26 (XINHUA)—Nepalese Prime Minister Girija Prasad Koirala said here today that he will make contributions to the strengthening, consolidation, and development of the Nepal-China friendship during his tenure.

He made the statement when he met a delegation of the China Federation of Literary and Art Circles headed by its secretary general Meng Weizai at his office in Singh Darbar.

"We have a very friendly, cordial, and intimate relation with China," he said, adding that "I want this friendship will be strengthened further."

He said he will do whatever he can for the sake.

The energy and strength exerted by the Chinese people in various fields is an encouragement to him in his endeavor for the development of the Nepalese economy, he noted.

Meng Weizai told the prime minister that Chinese and Nepalese writers and artists are discussing to do something practical to promote the economic development and improvement of people's living standards of the two countries.

NPC Group Begins Goodwill Visit to Nepal

OW2711091092 Beijing XINHUA in English 0822 GMT 27 Nov 92

[Text] Kathmandu, November 27 (XINHUA)—A four-member delegation of the Chinese National People's Congress (NPC) led by Liao Hansheng, vice-chairman of the NPC Standing Committee, arrived here today on a four-day goodwill visit to Nepal.

Liao told the press at the airport that the purpose of his current visit is to enhance mutual understanding and promote friendship between China and Nepal.

"China and Nepal are friendly neighbors linked together by common mountains and rivers and the two peoples, enjoying a traditional friendship, have always lived in amity, supported each other and cooperated closely," he said, adding that his visit is aimed at strengthening the friendship on the existing basis.

The delegation was greeted at the Tribhuvan International Airport by speaker Daman Nath Dhungana, parliamentarians and other nepalese dignitaries as well as Chinese Ambassador to Nepal Shao Jiongchu.

During their stay in Nepal, the team will call on King Birendra and Prime Minister Girija Prasad Koirala, and visit Bhaktapur town and the industrial zone in Lalitpur.

Li Peng Meets Outgoing Indian Ambassador

BK2711063692 Beijing China Radio International in Hindi 1500 GMT 26 Nov 92

[Text] Chinese Premier Li Peng met with Salman Haider, Indian ambassador to China who will soon return to India at the end of his tenure, in Beijing this afternoon. Li Peng highly evaluated the Sino-Indian friendly relations and hoped that the Sino-Indian friendly ties and cooperation will continue to develop.

Kuwaiti Amir Receives Chinese Delegation

OW2511142492 Beijing XINHUA in English 1309 GMT 25 Nov 92

[Text] Kuwait City, November 25 (XINHUA)—Kuwaiti Amir Shaykh al-Jabir al-Sabah met here today with Han Xu, president of the Chinese People's Association for Friendship With Foreign Countries.

During the meeting, the Kuwaiti Amir described relations between Kuwait and China as "close and strong."

Shaykh al-Jabir said the bilateral ties have been consolidated by his visit to China and that of Chinese President

Yang Shangkun to Kuwait as well as China's position on the seven-month Iraqi occupation of Kuwait.

Speaking on the same occasion, Han Xu conveyed regards of the Chinese president to the Kuwaiti amir.

In return, Shaykh Jabir asked Han Xu to convey his greetings to the Chinese president.

Han Xu and an accompanying delegation arrived in Kuwait Monday for a three-day visit, the last leg of a Gulf tour that has also taken them to the United Arab Emirates, Qatar, Bahrain, Oman and Saudi Arabia.

In an arrival statement to XINHUA, Han Xu said his Gulf tour aimed to enhance the understanding and friendship between the Chinese people and the people of the Arab Gulf states.

Sub-Saharan Africa

Reception Marks Anniversary of Ties With Chad

OW2811112292 Beijing XINHUA in English
0757 GMT 28 Nov 92

[Text] Beijing, November 28 (XINHUA)—The Chinese People's Association for Friendship With Foreign Countries (CPAFF) and the China-African Friendship Association hosted a reception here today to mark the 20th anniversary of the establishment of diplomatic ties between China and Chad.

Ma Wenrui, vice-chairman of the National Committee of the Chinese People's Political Consultative Conference, Han Xu, CPAFF president, and Chadian Ambassador to China Helena Tchouana were among those present at the reception.

PLA's Wu Quanxu Meets Guinean Defense Minister

OW2511121992 Beijing XINHUA in English
1152 GMT 25 Nov 92

[Text] Beijing, November 25 (XINHUA)—Wu Quanxu, assistant chief of general staff of the Chinese People's Liberation Army, met with Guinean Defense Minister Abdourahamane Diallo here today.

They had a conversation on the further development of friendly relations between the two countries and their armed forces.

Diallo arrived here yesterday.

Government Offers Relief to Somali Refugees

OW3011102392 Beijing XINHUA in English
0930 GMT 30 Nov 92

[Text] Nairobi, November 30 (XINHUA)—China has decided to donate 720,000 U.S. dollars worth of medicine and daily necessities to Somali refugees both in

Kenya and Somalia, Chinese Ambassador to Kenya Wu Minglian told XINHUA today.

Ambassador Wu said that in order to express the friendly sentiments of the Chinese people to the Somali refugees, China decided to make the said donations, of which half is for Somali refugees in Kenya and the other half is for Somali refugees in their own country.

The donations include rice, wheat flour, cooking oil, sugar, powdered milk, blankets, mats, jerry cans, buckets, and medicines.

According to the ambassador, the donations will be shipped to the Kenyan port of Mombasa as soon as possible and will be distributed through both the Kenyan Government and the United Nations High Commissioner for Refugees (UNHCR) in Kenya.

Kenya is hosting more than 300,000 Somali refugees.

Supervision Minister Meets Sudanese Delegation

OW2711132692 Beijing XINHUA in English
1148 GMT 27 Nov 92

[Text] Beijing, November 27 (XINHUA)—Wei Jianxing, Chinese minister of supervision, met with Awad A. Elgas, Sudanese minister for cabinet affairs, and his party this evening.

The Sudanese visitors arrived here earlier today as guests of the Chinese ministry. They are scheduled to visit Shenzhen after their stay in the Chinese capital.

Wan Li Talks With Group

OW2811115992 Beijing XINHUA in English
1044 GMT 28 Nov 92

[Text] Beijing, November 28 (XINHUA)—Wan Li, chairman of the Standing Committee of the National People's Congress of China, met with Awad A. Elgas, Sudanese minister for cabinet affairs, and his party here this afternoon.

During the meeting, Wan Li said that since China and the Sudan established diplomatic relations, the bilateral relations in all fields have developed smoothly.

The current visit to China by the Sudanese supervisory delegation would serve to increase the understanding of the two supervisory bodies and promote their friendship, he said.

He also briefed the guests on China's reform and economic development.

"The just-concluded 14th National Congress of the Chinese Communist Party has set forth the goal of establishing the socialist market economy in China, which calls for the enforcement of laws and disciplines. The supervisory work is of much importance in the new situation," he said.

Elgas said that there is much in common between the two supervisory bodies. He expressed the hope that the exchange and cooperation between them would be further enhanced.

Among those present at the meeting were Wei Jianxing, Chinese minister of supervision, and Sudanese Ambassador to China Abdul Rahma.

West Europe

Legislative Bodies React To French Mirage Sale

NPC Urges Cancellation

OW2911090992 Beijing XINHUA Domestic Service
in Chinese 0704 GMT 29 Nov 92

[Text] Beijing, 29 Nov (XINHUA)—The National People's Congress [NPC] Foreign Affairs Committee issued a statement today in connection with France's sale of Mirage fighter aircraft to Taiwan. The statement reads as follows:

Ignoring the Chinese Government's serious representations and strong opposition, the French Government has openly permitted the sale of Mirage-2000 fighter aircraft to Taiwan. The Foreign Affairs Committee of the NPC of the PRC is shocked and resentful at the French side's acts of crude interference in the internal affairs of China and serious interruption and sabotage of China's great cause of peaceful reunification, and resolutely supports the strong protest made by the Chinese Government to the French Government.

There is only one China, and Taiwan is an inalienable part of the territory of China. This is a common understanding of the people from both sides of the Taiwan Strait, and is also a fact recognized by various countries. This fact has been recognized by all previous French Governments since the establishment of diplomatic relations between China and France in 1964. It has been on this basis that friendly cooperation in all fields between China and France and between their peoples has made very good progress. This is in complete accord with the interests of the two countries and their peoples. It is regrettable, however, that the French side, ignoring the traditional friendship and long-term interests of the peoples of the two countries, and brazenly betraying the communique on the establishment of diplomatic relations between the two countries and norms of international relations, has permitted the sale of high-performance fighter aircraft to Taiwan. This represents an infringement upon China's sovereignty, interference in China's internal affairs, the creation of tension near the Taiwan Strait, and the hampering and undermining of China's great cause of peaceful reunification. This move by the French side will, of course, be strongly opposed and angrily condemned by the Chinese Government and by Chinese people of all nationalities.

In recent years, disregarding the Chinese Government's unremitting efforts to maintain and improve Sino-French ties, the French Government has continually created various difficulties and obstacles in bilateral relations. Last year, the French Government sold hulls for escort vessels to Taiwan, disregarding China's strong opposition. It is now selling advanced fighter aircraft to Taiwan. The Chinese Government and people will never agree to this. China attaches importance to Sino-French relations, but the Chinese government and people will not make concessions on issues concerning China's sovereignty, security, and respect. The Foreign Affairs Committee of the NPC resolutely supports the solemn stance of the Chinese Government and strongly demands that the French Government, proceeding from the long-term interests of the peoples of the two countries and general prospects for Sino-French relations, cancel the contract to sell Mirage-2000 fighter aircraft to Taiwan. Otherwise, the French Government shall bear all responsibilities for the serious consequences arising from this action.

CPPCC Supports Government Protest

OW2911095692 Beijing XINHUA Domestic Service
in Chinese 0715 GMT 29 Nov 92

[Text] Beijing, 29 Nov (XINHUA)—The Foreign Affairs Committee of the National Committee of the Chinese People's Political Consultative Conference [CPPCC] issued a statement today protesting against the French Government for permitting the sale of Mirage-2000 fighter aircraft to Taiwan. The statement reads as follows:

On 26 November, the Chinese Government lodged a strong protest with the French side in connection with its permitting the sale of Mirage-2000 fighter aircraft to Taiwan. We resolutely support the Chinese Government's protest.

It is common knowledge that there is only China in the world, and Taiwan is an inseparable part of Chinese territory. Peaceful reunification of the motherland is the common desire of people on both sides of the Taiwan Strait. In recent years peaceful reunification has become the irresistible general trend as exchanges keep increasing across the strait. However, the French Government, which maintains official diplomatic relations with China and which consistently claims to pursue a "one-China" policy, openly permitted the sale of high-performance advanced fighter aircraft to Taiwan, ignoring the desire of the Chinese people, crudely interfering in China's internal affairs, threatening the security of the Chinese mainland, creating tension in the Taiwan Strait, and brazenly hampering and undermining the process of China's peaceful reunification. These acts are a total betrayal of the communique on the establishment of diplomatic relations between the two countries as well as a betrayal of the norms of international relations, and have seriously damaged China's sovereignty and security. This serious move, which the French side has taken

to aggravate relations between the two countries, will be strongly opposed by the Chinese Government, all of China's democratic parties, nonparty people, and Chinese people of all nationalities.

The Chinese people have always been friendly to the French people, and the Chinese Government has made unremitting efforts in maintaining and improving Sino-French relations. We have consistently maintained that preserving and developing normal friendly cooperation between China and France not only is in accord with the interests of the two countries and their peoples, but also is conducive to world peace and stability. However, France's sale of fighter aircraft to Taiwan has seriously damaged friendly Sino-French cooperation in various fields. The French Government must bear all responsibilities for the serious consequences arising from this. The Foreign Affairs Committee of the CPPCC National Committee strongly demands that the French Government, proceeding from the long-term interests of the two countries and their peoples, cancel, as soon as possible, the contract to sell fighter aircraft to Taiwan.

German Foreign Minister Says Ties Normalized

OW2811012092 Beijing BEIJING REVIEW in English No 46, 16-22 Nov 92 p 4

[Text] German Foreign Minister Klaus Kinkel concluded his three-day visit to Beijing on November 2, saying that Sino-German ties have returned to normal and Europeans should understand the dynamism of China's development.

"After this visit has been concluded, we can take it that relations are normal," Kinkel told a press conference.

On the last day of his trip, Kinkel met separately with Chinese Communist Party General Secretary Jiang Zemin, Premier Li Peng and Vice-Premier Zou Jiahua.

He told the press conference that he had "constructive talks" with Chinese officials, adding that both sides intend to look forward and bring bilateral ties back to normal.

He said that his visit comes at "an extremely interesting point in time," following the crucial Chinese Communist Party Congress and during the 20th anniversary of the establishment of Sino-German diplomatic relations.

Referring to China as an important force in regional and international issues and an increasingly important factor in the world economy, Kinkel said, "We in Europe must bear in mind the dynamism of development in this country."

Sino-German ties in the political, economic, and cultural fields, instead of being neglected, should be further extended and deepened, he said.

Kinkel also refuted allegations that Germany would supply military equipment, including submarines, to Taiwan.

Li Peng said during his talks with Kinkel that China's imports during the Eighth Five-Year Plan period (1991-95) would greatly outstrip the projected volume of US\$300 billion.

He said that as China's largest trading partner in Europe, Germany has broad prospects for developing greater economic ties with China.

At the annual meeting of the World Economic Forum in Davos, Switzerland earlier this year, Li said that China's imports would reach US\$300 billion between 1991 and 1995.

"Now it seems that the figure will be greatly exceeded," Li told Kinkel.

Li said that China attaches importance to its ties with Germany, and that there are no direct conflicts of interests between the two countries.

He added that during the current turbulent international situation the development of Sino-German links in various fields is of great significance not only to the two countries, but to the world as a whole.

Therefore, he said, the two sides should approach bilateral ties from a long-term and strategic point of view.

Kinkel said it is necessary for both sides to adopt a forward looking attitude.

He noted that Germany regards China as one of its major partners in the world and prepares to expand co-operation with China.

According to Vice-Premier Zou Jiahua, China is willing to introduce more advanced technology and management experience from Germany and welcomes German involvement in China's key construction projects and in upgrading smaller enterprises.

Deng's 'Instructions' on UK, Hong Kong Viewed

HK2811013892 Hong Kong HSIN PAO in Chinese 27 Nov 92 p 25

["Beijing Political Situation" column by Jen Hui-wen (0117 1979 2429) in Beijing; dated 25 November 1992: "Deng Xiaoping on How To Deal With the British"]

[Text] After the Sino-British dispute over the Hong Kong issue was triggered by Hong Kong Governor Patten's political reform plan in his policy speech on 7 October, people paid attention to reactions from the Chinese side. From the Hong Kong XINHUA branch to the Hong Kong and Macao Affairs Office, the Foreign Ministry, and even Vice Premier Zhu Rongji and Premier Li Peng, they all used the same words to condemn Patten's political reform package for its "three violations" (namely, violating the Sino-British Joint Declaration, the Basic Law, and the understanding reached by the two governments), and all indicated that China would not make any concession on issues of principle. They

pointed out that only when the British side scraps Patten's "three-violations" package and expresses willingness to return to the path of the Joint Declaration, the Basic Law, and the relevant understanding and agreement will it be possible for the current dispute between China and Britain to be resolved and for the two countries to continue their cooperation and consultations. Such a "coincidence" of open statements showed that unified arrangements were made behind the scenes.

According to informed sources in Beijing, after the 4 June incident in 1989, Beijing's senior leaders expected that Britain might change its policy toward Hong Kong, and began to work out their countermeasures. When Patten took over the governorship of Hong Kong, China immediately noted that the newcomer certainly brought with him certain ill-intent. So the Chinese authorities formulated and unified the position on principle and the tactics against the British side after Patten dished out his political reform package with the support of British Prime Minister John Major. This was also clearly reflected in some open statements and internal instructions issued by Chinese leaders in October and November.

In mid-October, when the 14th CPC National Congress had almost come to an end, Chinese Foreign Minister Qian Qichen pointed out at a meeting attended by department chiefs of the Foreign Ministry that the political reform package put forth by Patten for Hong Kong signaled a challenge to the Chinese Government. It was the only card that the British Government, headed by John Major, could play when it decided to change its China policy. Britain played this card three years later than we expected. However, first, this card violated the Sino-British Joint Declaration and violated the understanding reached between the Chinese Government and the British Government on making Hong Kong's political development converge with the Basic Law; second, it underestimated China's constant position of never making concessions on issues of principle; and third, it neglected the fact that Hong Kong's current economic development had been closely linked to the economy of southern China as a whole.

In early November, when meeting with some mainland members of the former Basic Law Drafting Committee and representatives of some organizations which demanded a strong reaction against Britain, Lu Ping, director of the Hong Kong and Macao Affairs Office of the State Council, said: "We are first viewing how the British Government directs Patten's performance on the stage before we adopt our countermeasures. The British Government has violated the Sino-British Joint Declaration by unilaterally tearing up the understanding and agreement between the two governments, created splits in various social strata under the pretext of quickening the pace of democracy, and tried to affect Hong Kong's economy by using our natural opposition. However, neither the democracy card, the economy card, nor the international card will bring any benefit to Britain. Britain is now applying to Hong Kong the tricks played

by the old colonialists in Asia. However, the Major administration has chosen the wrong place for a political gamble. The central authorities and the State Council have made preparations. Hong Kong will become a special administrative region governed by China according to the principle of "one country, two systems," and will not be a new colony under British rule."

On 6 December [as published], when mentioning the dispute over Hong Kong at a State Council meeting, Premier Li Peng said: "We should safeguard our international reputation. Britain has unilaterally violated the Sino-British Joint Declaration, and we should give it a warning. If Britain perversely clings to its own course, then we shall take the next step according to our established program. We have a general principle. That is, no matter what changes occur, the central government will give full political and economic support to the implementation of the "one country, two systems" policy in Hong Kong, and guarantee Hong Kong's development in the industrial, commercial, financial, transportation, and other fields. The central government will safeguard things in this connection at any cost, and will protect the interests of foreign companies which are willing to seek development and make profits in Hong Kong. Hong Kong's current degree of development did not come from alms and charity bestowed by Britain, but from the resourcefulness, industriousness, and pioneering work of our compatriots in Hong Kong and from Hong Kong's unique long-standing stable environment. Hong Kong people should have confidence in building Hong Kong well.

Jiang Zemin, general secretary of the CPC Central Committee, recently wrote an instruction in a brief report by the State Council on Hong Kong's current situation: "No concession is to be made on issues of principle, not the smallest concession can be made. Act in accordance with the central policies and Comrade Deng Xiaoping's instructions." It is learned that Jiang Zemin reiterated this position when attending a State Council meeting on Hong Kong, Macao, and Taiwan affairs.

Senior CPC leaders Chen Yun and Peng Zhen also gave instructions. Chen Yun instructed: "No unrealistic illusion can be held regarding the British Government. When it ended its colonial rule in a place, it always created a lot of trouble and left it behind. The program formulated by the central leadership and the arrangements made six years ago were correct. This event can increase the unity of our thinking." Peng Zhen's instruction goes: "It was inevitable that the British Government would provoke this dispute. We must not make any concessions on issues of principle."

The most noticeable fact was that Deng Xiaoping, the inventor of the "one country, two systems" policy, was still keenly concerned about Hong Kong's development even though he had retired. When listening to reports about Hong Kong's recent affairs and reading some relevant documents, he said: "The British would not be content with not creating any trouble [bu gao xie ming

tang shi bu gan xin de 0008 2269 0067 0682 1016 2508 0008 3927 1800 4104]. We have long seen through its intent and have long made preparations. When they break the rules [yue jie 6390 3954] in the first step, we should remind them; when they break the rules in the second step, we should give them some warnings; and when they break the rules in the third step, we should start something new [ling qi lu zao 0659 6386 3619 3501], and may tell them to go home [ke yi qing ta hui lao jia 0668 0110 6153 0100 0932 5071 1367]. We shall act in light of the Basic Law. We shall implement "one country, two systems" in Hong Kong and effect a high degree of autonomy there. The national policy of allowing Hong Kong people to conduct self-government in Hong Kong will not change. I think it is a good thing that the British created such trouble." (originally carried in the brief report of the State Council General Office on 23 October)

The informed sources added that in January or February 1990, when talking with some famous Hong Kong businessmen on how to deal with the British in Hong Kong's late transitional period, Deng Xiaoping had already pointed out that it is necessary to keep an eye on the next steps that London will take. China cannot make further concessions, because China has made enough concessions. If concessions are made again, a small handful of people hostile to China will become more arrogant. Deng said: "The method and idea of intimidation will never subdue our Chinese people." The Chinese people will never concede a fraction of an inch on issues concerning sovereign rights, still less will they concede an inch! He added: "We must be careful when dealing with the British side, and we must not allow a big burden to be left to the government of the special administrative region."

A certain authoritative person in Beijing pointed out that China's policy on the Hong Kong issue is based on Deng Xiaoping's "one country, two systems" concept. In recent years, Deng Xiaoping has often talked about Hong Kong affairs, and this provided the foundation for the Chinese leaders to formulate their Hong Kong policy and their tactics against the Hong Kong British authorities. This time, on the issue of how to react against Patten's political reform package, the arrangements were also made according to a series of instructions given by Deng Xiaoping as mentioned above.

UK Journal Cited on PRC's Reform Achievements

OW2911191292 Beijing XINHUA in English
1818 GMT 29 Nov 92

[Text] London, November 29 (XINHUA)—The British journal, THE ECONOMIST, predicted that by the year 2002, China's economy will be eight times bigger than it was in 1978, if China hits its reasonable targets.

One article, published in the latest issue of the journal, said that in the 14 years since the Third Plenary Session of the 11th Central Committee of the Communist Party,

China's economic performance has brought about one of the biggest improvements in human welfare anywhere any time.

Real gross national product (GNP) has grown by an average of almost 9 percent a year, and by 1994, China's economy is almost sure to be four times bigger than it was in 1978, the article said.

It added that during the past 14 years, there was a startling rise in the living standards of the Chinese people.

According to the article, the reforms in agriculture increased farm production enormously: grain output grew by a third in six years, cotton almost trebled, oil-bearing crops more than doubled, fruit production went up by half. In the meantime, real incomes in the countryside grew even more spectacularly—three-fold in eight years.

In 1981, each 100 urban households in China averaged less than one colour television among them, ten years later it was 70. In 1981, there were six washing machines and 0.2 refrigerators for each 100 city households, but in 1991, there were 80 and 50 respectively.

The article noted that, a visitor to China now is greeted on arrival by the world's biggest economic boom. Shops are clogged with people buying consumer goods, factories, offices, and homes are being built as fast as round-the-clock construction crews can put them up.

It predicted that China's economy will have grown by some 12 percent this year, with industrial output up by 20 percent or more, and its foreign trade will have grown to around 170 billion U.S. dollars this year despite Western countries' economic recession.

The article continued that during the last 14 years, China had three waves of reforms, the first dealt with agriculture and the other two with industry, and each was a spectacular success.

As the journal said, the 14th Communist Party Congress, held in October, has set the official seal on China's fourth wave of reform with a daunting agenda.

Vice Premier Zhu Rongji Arrives in Norway

OW3011034892 Beijing XINHUA in English
0154 GMT 30 Nov 92

[Text] Oslo, November 29 (XINHUA)—Furthering cooperation between China and Norway is in the interest of both countries, Chinese Vice-Premier Zhu Rongji said Sunday [29 November] evening on arriving at Oslo Airport.

Greeted at the airport by Trade and Shipping Minister Bjorn Tore Godal, host during Zhu's stay in Norway,

Zhu said in a written statement that the Chinese Government attached importance to development of long-standing, friendly and cooperative relations between the two countries.

He also hoped his visit would help strengthen the mutual understanding, friendship and cooperation of the relations, Zhu said.

Zhu arrived here from Goteborg, Sweden.

Li Tieying Discusses Cooperation With Portugal

*OW2811061892 Beijing XINHUA in English
0530 GMT 28 Nov 92*

[Text] Lisbon, November 27 (XINHUA)—Portuguese Prime Minister Anibal Cavaco Silva expressed Friday [27 November] his hope to further develop his country's friendship and cooperation with China in all fields.

The bilateral relations are developing very well, Silva told a visiting Chinese delegation led by Li Tieying, state councillor and minister in charge of the State Education Commission.

The Chinese team arrived in Portugal on Thursday [26 November] after a visit to Holland.

Silva described the visit to Portugal by Chinese Premier Li Peng last February as of great significance to the development of the bilateral relations.

The European countries were concerned about the 14th Congress of the Chinese Communist Party and spoke highly of China's on-going reforms, he said.

The Chinese guest told Silva that China was willing to strengthen ties with Portugal in the fields of education, culture, science and technology, and to boost their trade.

The two sides also exchanged views on issues of common interests.

CPC Official To Attend Portugal Party Meeting

*OW2911024092 Beijing XINHUA in English
0152 GMT 29 Nov 92*

[Text] Beijing, November 29 (XINHUA)—At the invitation of the Portuguese Communist Party, Huang Huang, a member of the Communist Party of China (CPC) Central Committee and secretary of the party's Ningxia Hui Autonomous Regional Committee, left here today for Lisbon to attend the 14th National Congress of the Portuguese Communist Party as a CPC representative.

Political & Social

Yuan Mu on Breakthrough in Reform's Objective

HK2511083392 Beijing JINGJI RIBAO in Chinese
28 Oct 92 pp 1, 2

[Article by Yuan Mu (5913 2606): "A Major Breakthrough in the Objective of Reform—Author's Speech at the Meeting To Confer Prizes on Winners of Solicited Articles on 'Contemplation of Mayors and County Governors'"]

[Text] Based on the 14th CPC National Congress report's spirit, I should like to concentrate on the issue of the socialist market economic structure.

1. Building the socialist market economic structure as the objective of reform is another ideological emancipation in our knowledge of the relationship between planning and the market, and an important theoretical breakthrough.

Facing ever-expanding commodity production and circulation, and the increasingly marked role of the market mechanism since the Third Plenary Session of the 11th Central Committee, comrades who are engaged in economic reform and administration, entrepreneurs, and economists have contemplated in depth on how the planned economic structure should be viewed. How should the planned commodity economy be developed? What is the relationship between planning and the market? What target-pattern should be adopted in China's economic restructuring? Results of the study, exploration, and practice in the aforesaid issues have gradually been reflected in important party documents, and become grounds for formulating policies and guidance for practice. The 12th National Congress indicated the need to take the planned economy as the main body, with market regulation as the complement. "China's Economic Structural Reform—Decision of the CPC Central Committee" adopted by the Third Plenary Session of the 12th Central Committee indicated that China's socialist economy was a planned commodity economy on the basis of public ownership. The 13th National Congress pointed out that the structure of the socialist planned commodity economy should be one of inherent unity of planning and the market. It was indicated, in the wake of the Fourth Plenary Session of the 13th Central Committee, that it was imperative to build an economic structure and operational mechanism characterized by the combination of planned economy and market regulation, compatible with the development of a planned commodity economy. The recent 14th National Congress explicitly set out that the objective of China's economic restructuring is to build a socialist market economic structure to further emancipate and develop the productive force. The various formulations between the 12th and 14th National Congresses are, in essence, the development of reform in depth, the process of reform meeting contradictions in practice and adopting measures to overcome such contradictions to continue to

make progress, gradual breakthrough of traditional concepts, continuous exploration and study in economic theory, and increasingly deepened understanding.

To my understanding, to have a command of this process, it is necessary to grasp the following major points: First, the aforesaid inferences serve mainly to answer the question of the relationship between planning and the market, and this question has a direct bearing on the objective and effects of China's economic restructuring, the prospects of economic development, and the whole situation of modernization from now on. This being the case, it is an essential issue of theory and practice. Second, prior to the convocation of the 14th National Congress, we saw that the socialist economy is also a commodity economy, that it was a creative development of the socialist economic theory, with great significance, and has laid a foundation for establishing the target pattern of the socialist market economy today. However, more often than not, a considerable number of people would place emphasis on planning, while calling planning the planned economy, and the market, market regulation, believing that planning is on a higher tier than the market. Although progress and development were made in practice, they always failed to shed the shadow of planning being the main body, and the market the complement. The inferences of the 13th and 14th National Congresses have discarded the ideological bondage and traditional way of thinking which believes that the planned economy is the essential characteristic of the socialist economy, and the emphasis is on the need to fully develop the market economy under socialist conditions, while allowing the market to play a basic role in resource allocation, so that economic activities may better observe the law of value and changes in the demand-and-supply relations.

The leap in our knowledge is linked to our understanding in the commodity economy and the market economy. Prior to the implementation of reform and opening up, the traditional concept did not recognize the socialist economy being a commodity economy. Later, there was a breakthrough in such a view; however, the market economy was universally regarded as incompatible with socialism. Such a view does not conform to reality. The market economy as an operational mechanism is the offspring of a developed commodity economy, linked to socialized mass production, and can be utilized by capitalism and socialism alike. Should the market economic structure be artificially rejected by socialism, it would mean refusing to fully develop the commodity economy and absorb the progressive fruits of mankind to give play to the advantages of socialism, thus suffocating socialism's vitality and vigor. Consequently, socialism would remain backward for a long time and eventually be buried.

2. The major breakthrough in the understanding of the socialist market economic structure was completed at the 14th National Congress, and was inevitable.

Through reform and opening up over the past dozen years or so, tremendous changes have taken place in China's rural economy, which prospered and thrived. Enterprises in townships and towns came out like dark horses with vitality and vigor, the growth rate of special economic zones was shocking, and they flourished vigorously. This is known to all. Here, I should like to cite several coastal provinces to illustrate the relationship between giving play to the role of the market mechanism and strengthening economic vitality.

Practice showed that in places where their thinking has been fairly emancipated, with fewer shackles of every description, with fairly big strides in reform and opening up, while giving better play in the market's role, economic growth rates have invariably accelerated markedly. Guangdong, Fujian, Zhejiang, Jiangsu, and Shandong had better historical foundations in developing commodity economies, and they enjoy rather large natural and geographical advantages, in addition to giving a free hand to reform and opening up in the wake of the Third Plenary Session of the 11th Central Committee, doing a good job in giving play to the role of the market mechanism, they have enjoyed a strong momentum of economic growth, and always ranked top among various provinces. In the 1980's, the national average annual industrial growth rate was 13.2 percent, but the growth rates of the five aforesaid provinces were 20 percent, 17.8 percent, 20.1 percent, 17.1 percent, and 16.7 percent respectively. In the first eight months of this year, the accumulated gross industrial output value increased by 19.2 percent over the same period last year, whereas the growth rates of the five provinces were 28.1 percent, 20.3 percent, 26.7 percent, 33 percent, and 21.7 percent respectively. They not only enjoyed fast economic growth rates, but also satisfactorily realized the unity of fast growth rate and improvement in structure, as well as economic returns. Although they have not yet realized a sound cycle of their national economic operations, they are gradually entering such a cycle, or such bright prospects are on the horizon. All this is very convincing indeed.

At the same time, to tackle many bottlenecks in reform and development, it is also necessary to build a socialist market economic structure. In the course of deepening reform and accelerating development, there are problems linked to the old structure as well as many new contradictions and problems in China's economic operation, and some of them are quite complicated, and often land us in an impasse. For example, whenever we stress the need to augment such infrastructure as energy resources, communications, and transportation, we always find insufficient strength in investment in capital construction with a lean toward this direction. When we stress the rational layout of regional productive forces and improving economic returns in a down-to-earth manner, the phenomena of repeated construction projects and similar industrial setups remain marked. When we stress accelerating development, such phenomena as vying for mounting new heights, blindly

launching new projects, and comparing and competing with each other are liable to take place. When we stress correctly handling the relationships between the central and local governments, and between the state, the collective, and individuals, distribution of national income continues to lean toward the locality and the individuals. To overcome those bottlenecks, it is impossible to rely on the planned economic structure alone; only by building the market economic structure, and completing and perfecting the macroscopic regulation and control structure will it be possible to blaze a new trail, thus realizing the rational allocation of resources and high efficiency. The market economy is characterized by exchanges in equal value and fair competition, as well as the pursuit of maximum profit in utilizing resources based on the comparative economic returns from input. That will be a tremendous impetus to magnifying the self-restriction mechanism, optimizing the industrial setup, and genuinely pushing enterprises toward the market. Of course, the market mechanism is not omnipotent, but has its own limitations and weaknesses. It calls for the state to control the economic lifeline, correctly apply diversified means such as the economic law, policies and levers, planned regulation and control, and even administrative measures, thus correctly and efficiently conducting regulation and control.

It is precisely under such a situation that Comrade Deng Xiaoping summarized China's experiences in reform, opening up and economic construction and explicitly indicated: The planned economy does not equate socialism, for there is planning in capitalism, too; the market economy does not equal capitalism, for there is a market in socialism, too. Both planning and the market are economic means. Whether there is a greater portion of planning or the market is not the essential difference between socialism and capitalism. Comrade Deng Xiaoping's incisive implication is a powerful ideological weapon to break through the bondage of traditional concepts, and has blazed a new trail and laid a foundation for helping the 14th National Congress to establish a new objective of economic restructuring.

The capitalist economic mechanism is founded on the basis of private ownership, and has been gradually developed, completed, and perfected through several centuries. Even today, it has still many shortcomings. The socialist market economic mechanism we want to build does not come into being spontaneously, it is built on the basis of the public ownership as the main body, with joint development of diversified economic factors. The formulation was set out after long-term practice with ever-deepening understanding, when the planned economic structure had suffered setbacks. The socialist market economic structure is a gigantic social system, which should be gradually built, completed, and perfected, and calls for the joint efforts of the whole party and people of the whole country as well as voluminous, meticulous work in various aspects, and it must be adhered to for a long time.

3. To initiate the socialist market economic structure, it is imperative to nurture and build a developed, complete, and perfect market system.

In reform and opening up over the past dozen years or so, we have not made the decision to build a socialist market economic structure. In reality, however, the market economy has been in existence to a considerable extent. With the scope of the market growing continuously, the market mechanism has increasingly played a positive role in economic life. Today, our task is precisely to continue to consciously nurture the market with an objective; at the same time, we should learn to better utilize and govern the market's strength, push reform, promote development, and quicken the pace of socialist modernization.

China had implemented a highly centralized planned economic structure for some 20 years. In the wake of reform and opening up, markets in various categories have been rapidly restored and developed from coastal areas to the hinterland, from urban to rural areas. Generally speaking, however, China's consumer market and consumer service market are low in their development, and some production means have not yet really entered the market, whereas markets of other essentials have just begun or are at their initial stage. Some border regions and remote rural areas are still taking the natural economy as the main body, the regulations for market transactions are not standardized, the phenomenon of departmental and regional separation is abundant, and the market system nationwide is underdeveloped, incomplete, and imperfect. Such a condition will inevitably become a serious hindrance to the initiating of the socialist market economic structure. This being the case, we must further emancipate the mind, break up the separation of departments and localities, as well as monopolies and blockades, by chiefly relying on economic and legal means, while promoting the development of the market system through opening up to the world and across China to accelerate development of the market economy. Presently, special attention should be paid to developing such markets as production means, technology, labor service, information, and real estates, while accelerating the cultivation of the monetary market, including various types of negotiable securities, working hard to shape a national, unified, and open market system, and actively participating in and expanding the world market. At the same time, it is necessary to firmly grasp the formulation of related rules, regulations, laws, and decrees for the socialist market economy so that the participants of markets in various categories may conduct fair competition and transaction in a standardized and orderly way.

The role of market mechanism is derived from the impetus to commodity producers and managers provided by market supply-and-demand information, and information of short supply on the market finds sensitive expression in price fluctuations. Prices are the barometer of the market. This being the case, to develop the market, it is imperative to reform the price system. The prices

prior to reform did not reflect value or the demand-and-supply relationship. Prices for farm goods, raw materials, energy resources, communications, and transportation were universally lower than their values; production cost failed to obtain due compensation, and the development of agriculture and basic industry came under serious restriction. All this is an important cause for the failure to efficiently utilize various resources. Since reform and opening up, we have made long strides in price reform; however, because there are many problems left over from the traditional structure, a "dual-track" price system has surfaced in the prices for some production means. In price reform, it is necessary to take into account the bearing capacities of all sides, and the task for price reform remains quite heavy. Of course, it is necessary to conduct meticulous design and overall consideration in reform, the general principle should be quickening the pace of reform. We should also see that distorted price information will stimulate repeated import and construction projects, resulting in the irrational use of resources. At the same time, the "special privileged prices" resulting from the "dual-track system" is a hotbed for repressing equal competition and stimulating the transaction between power and money, which does not help in developing the market economy and correcting corruption. This being the case, it is imperative to quicken the pace in price reform.

The building of a complete and perfect market system must be linked to developing the tertiary industry. In theoretical judgment or practical analysis, what the planned economic structure augments is unified distribution, allocation, and administrative intervention, whereas the market economic structure is to augment, complete, and perfect social service to producers and consumers. The tasks for most trades in the tertiary industry are precisely to provide social service, which is also included in the market system. This being the case, it is necessary to regard the development level of tertiary industry as a signal of the market structure's degree of development, attach great importance to it, and plan and develop it in a big way.

4. To build the socialist market economic structure, it is imperative to be determined to convert government functions while firmly grasping the enterprise operational mechanism.

Because the mandatory plan had extensive coverage in the past, government and enterprises were inseparable, without a demarcation line between their functions. In the economic work of government organizations, they centered efforts on setting indexes, rectifying projects, distributing funds, goods, and materials, and directly commanding enterprises. To aid in promoting the conversion of enterprises' operational mechanism with the gradual establishment of the socialist market economic structure, and to push them toward the market, government organizations must emancipate themselves from the past framework of the planned economy, and change direct administration to indirect, direct command of enterprises to study of the market, the distribution of

money and materials to overall planning, and have a grasp of policies, organization, and coordination, providing service, and necessary examination and supervision.

Establishing the socialist market economic structure and converting government functions does not mean that the macroscopic regulation and control over social economic activities can be neglected. Because restriction on the overwhelming majority of prices is lifted, economic bodies in various categories may take the initiative in their own hands in production and operation, the employment and consumption of all members of society tend to be varied, so macroscopic regulation and control will be heavier, and the difficulty greater. This calls for us to renew concepts, improve methods, and promptly master market information, focusing efforts on doing a good job of forecasting economic development, controlling the general volume, planning for the major structure and productive force setup, and rationally determining the targets of the national economy and socialist development, while utilizing such economic levers as currency, interest rates, taxation, and foreign exchange rates in a comprehensive way to guide the healthy operation of socioeconomic activities. From a functional view, it is necessary to augment economic examination and supervision, and from a methodical view, we must take into account the issue of being compatible with the market economy; therefore, macroscopic regulation and control should not be neglected. However, it will not do to resort to old regulations and measures without analysis, and it will not be helpful to reform and development.

With the change of government organizations' functions, the organization should also be streamlined correspondingly. The civil service system will be implemented among government workers. The orientation of organizational reform is to realize "smaller organizations, larger-scale service." Presently, streamlining organizations should be closely linked to improving work efficiency and promoting economic and social development. Many workers in party and government organizations will be transferred to run enterprises and companies, and some administrative organs will be changed into economic bodies and thoroughly separated from party and government organizations.

5. To conform with the establishment of the socialist market economic structure, government workers should work hard to strengthen study, change their work style in a down-to-earth way, and achieve adherence to the unity of emancipating the mind and seeking truth from facts.

With the establishment of the socialist market economic structure, government workers face an issue of "changing their status," namely, converting from experts in the planned economy to those in the market economy. Under the new situation, new problems with which we are not familiar and do not understand are many. It is imperative for us to strengthen the study and work hard to elevate the broad cadres' ideological and professional qualities, as well as the level of leadership. First, it is

necessary to strengthen study of Marxism. Through study, the broad cadres' Marxist level will be elevated, and the key is to grasp the Marxist world outlook, methodology, and basic tenets, as well as the quintessence of Mao Zedong Thought and Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics. Second, it is necessary to study and master knowledge in modern science and culture. Today, world science and technological development is very fast, and only by making continuous efforts to master knowledge in modern science and culture will it be possible to improve our abilities in research and resolving new problems, and better guide the people to push forward our undertakings in modernization, reform, and opening up. Third, it is necessary to study and master knowledge in modern economic administration. To pursue the market economy, it is necessary to gradually follow international practice, and we are required to strengthen the study of foreign knowledge and experiences in advanced operation and management, including those of developed capitalist countries, and work hard to grasp the general law governing modern market economic development. For example, in the wake of China restoring its GATT membership as a signatory state, how should we enter the world market based on international usual practice and participate in the world economic competition? With China's stock market gradually participating in the world stock market, how should we master the law governing the changes in the world stock market quotations, and actively and efficiently utilize foreign capital? How should China's enterprises in the share-holding system change their cost accounting systems into modern cost accounting calculation systems? In addition, there is the issue of how we should establish, complete, and perfect various economic laws and decrees.

To change government work style, it is imperative to adhere to the unity of emancipating the mind and seeking truth from facts. Presently, people's thinking is full of enthusiasm under the encouragement of Comrade Deng Xiaoping's important talks and the 14th National Congress spirit. Under such circumstances, we should acquire the spirit of doing substantial work in a down-to-earth manner. We should emancipate the mind, while seeking truth from facts; only then will it be possible to do our work more efficiently. Without a comparatively fast rate, it will be impossible to mount a new plane. It will not do if we fail to make truth-seeking and scientific analysis of the subjective, objective, and actual conditions of various localities important, or rest satisfied with general, superficial estimation, while being over-anxious for quick results. What we pursue is a rate with quality, economic returns meeting the market demand, and such rate should be as accelerated as possible; however, we should not pursue a rate that does not pay attention to quality, economic returns, and a possible overstocking of products. Otherwise, haste makes waste, and it will even end in a readjustment on a considerable scale, incurring a still greater loss. This being the case, it is imperative for us to accelerate economic development

under the prerequisite of attaching importance to economic returns. Only then will we be correctly grasping and implementing the spirit of Comrade Deng Xiaoping's important talks and the 14th National Congress.

Future Development Prospects Discussed

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[Article by Wang Mengkui (3769 1125 1145): "March Triumphantly Toward 21st Century"]

[Text] The 14th CPC National Congress was an important meeting for carrying forward the revolutionary cause and forging ahead into the future. Under the guidance of Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics, the participants conscientiously summed up the basic practice and basic experiences of the party over the past 14 years since the Third Plenary Session of the 11th CPC Central Committee and worked out a magnificent program for expediting the pace of reform, opening up, and the modernization drive and victoriously advancing toward the 21st century. It is a new milestone in the history of the CPC and China's modernization.

I

Over the past 14 years, China has achieved remarkable successes in its reform, opening up, and modernization drive, which have attract worldwide attention. China's economic construction, its people's standard of living, and its comprehensive national strength have all scaled new heights. As a symbol of this stage, the problem of food and clothing for 1.1 billion people has basically been solved, and people have started to advance toward the objective of leading a relatively comfortable life. All the successes of reform, opening up, and the modernization drive in the new period have been achieved under the great banner of Comrade Deng Xiaoping's theory on building socialism with distinctive Chinese characteristics.

Revolution and construction in all countries can only be successful when carried out in light of their national conditions. China achieved a victory in democratic revolution and socialist transformation under the leadership of Comrade Mao Zedong and through a path with distinctive Chinese characteristics. The establishment of a socialist system indicated the end of a historical period. The serious setbacks of the 22 years after the mid-1950's showed that, although certain explorations and bold experiments had been made to build socialism in China, which was economically and culturally backward, the correct road had still not been found and China had not actually entered a new historical period. The Third Plenary Session of the 11th CPC Central Committee determinedly discarded the erroneous "leftist" policy of "taking class struggle as the key link," which was not suitable for a socialist society, and shifted the focus of the party and state's work to economic construction. Hence, a fundamental change was made in the party's

political line. At the same time, it decided to carry out reform on a large scale and open the country to the outside world. This indicated the real beginning of a new historical period. In the great practice of reform, opening up, and modernization construction, the theory of building socialism with Chinese characteristics began to take shape and has been continuously enriched and developed. This is an important achievement made by the party in the theoretical field during the new historical period.

In his opening speech delivered at the 12th CPC National Congress in 1982, Comrade Deng Xiaoping pointed out: "We must proceed from China's realities when carrying out our modernization drive. In both revolution and construction, we must study and draw on the experiences of foreign countries. However, no one can succeed by mechanically copying the experiences and patterns of other countries. We have had quite a few lessons in this respect. To combine the universal truth of Marxism with China's concrete practice, take our own road, and build socialism with distinctive Chinese characteristics are the basic conclusion we have drawn from our long-term practice." Here, the new proposition of building socialism with distinctive Chinese characteristics was put forth for the first time. It was not only a guiding idea for the 12th CPC National Congress, but also the guiding policy for various work in the new historical period.

The main historical contribution of the 13th CPC National Congress, which was held in 1987, was that it expounded the theory on the initial stage of socialism in a comparatively systematic way under the guidance of the theory of building socialism with distinctive Chinese characteristics and definitely summarized and expounded the party's basic line of "one center, two basic points." The party's basic line was mapped out under the guidance of the theory of building socialism with distinctive Chinese characteristics. We may also say that it was the crystallization of this theory. Practical experiences have proved that firmly and comprehensively implementing the party's basic line is the fundamental guarantee for a smooth development of the socialist modernization cause. To uphold the party's basic line without vacillation for 100 years is not merely an expression of a resolution, but it is identical with the judgment on the initial stage of socialism, because, according to our understanding at present, the initial stage of socialism in China will last about 100 years, counting from the mid-1950's, when the socialist system was founded, to the basic realization of modernization in the middle of the next century.

The "Proposal of the CPC Central Committee for Formulating the 10-Year Program and the Eighth Five-Year Plan for National Economic and Social Development," adopted by the Seventh Plenary Session of the 13th CPC Central Committee in December 1990, summarized the basic theory and practice of building socialism with distinctive Chinese characteristics into 12 principles. In 1991, in his speech to mark the 70th anniversary of the

CPC's founding, Comrade Jiang Zemin made a further summarized exposition on the economy, politics, and culture with Chinese characteristics. All of these symbolized the further deepening of our understanding of the theory of building socialism with Chinese characteristics.

Based on both the positive and negative experiences of the international socialist movement and our own, especially the practical experiences of reform, opening up, and modernization construction over the past 14 years and the development of Comrade Deng Xiaoping's thinking, the 14th CPC National Congress summarized the main contents of the theory on building socialism with Chinese characteristics in six fields, including the road of socialist development, the development stages of socialism, the fundamental tasks of socialism, the motive force for socialist development, the external conditions for socialist construction, the political guarantee for socialist construction, the strategic plan for socialist construction, the leading forces in building socialism and the forces that are relied on, and the creative concept for the reunification of the motherland. This represents a new distillation in our understanding and makes the theory on building socialism with Chinese characteristics more perfect and systematic.

Marxism is a science, which is developing without interruption in practice. With its new ideas and viewpoints, the theory of building socialism with Chinese characteristics provides initial answers for the first time and in a comparatively systematic way to a series of basic questions on how to build, consolidate, and develop socialism in a country like China, which is economically and culturally backward. It has thus inherited and developed Marxism and reached new heights in combining Marxism with China's realities and has provided a solid theoretical basis and definite guiding policy for our cause of socialist modernization. We say "initial answers" because we have been following the road of building socialism with Chinese characteristics for a short period of time only and have just achieved some initial experiences in practice and made some initial explorations in theory. Although we have gained a more profound understanding on the development of China's modernization today, in the long course of building socialism with Chinese characteristics, we still know very little or lack a profound understanding in many fields. Thus, we need to study the new situation, solve new problems, and make continuous efforts in the future to enrich, perfect, and develop this theory through our practice. The theory of building socialism with Chinese characteristics stresses the necessity of following our own road, emancipating the mind, seeking truth from facts, and proceeding from reality in all cases. This has opened vast vistas for the continuous enrichment, perfection, and development of this theory. People have every reason to believe that, just as the emergence of Mao Zedong Thought during the first leap in the process of combining Marxism with China's revolutionary practice, which led

the Chinese revolution to victory, Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics will certainly guide China's modernization drive toward success.

II

The new historical period starting from the Third Plenary Session of the 11th CPC Central Committee has been markedly symbolized by reform and opening up. We may also say that the so-called new historical period actually refers to the period of reform and opening up. Socialism with Chinese characteristics has great vigor and vitality, because it is a socialism under the policy of reform and opening up. Reform and opening up is a great motive force of economic development. Through reform over the past 10 years or more, substantial progress has been achieved in China's economic structure. The main expressions are that unitary public ownership has developed into a coexistence of diverse economic sectors with public ownership as the main body; a highly centralized and unified planned economic structure has gradually developed toward a socialist market economy structure; a unitary system of distribution according to work has developed into a system of coexistence of various forms of distribution, with the system of distribution according to work as the main body; and important changes have taken place in the investment, financial and monetary, and price systems. We may say that because of the development of various economic sectors, the extension of the range under market regulation, and the strengthening of the role of market regulation, the highly centralized and unified structure of the planned economy has been smashed and the foundation of a socialist market economy structure has been established initially. Reform of the economic structure has mobilized the initiative of various quarters and promoted economic development. Practice proves that reform is also a course for emancipating the productive forces.

Opening up to the outside world is also reform, which means to change a closed structure into an open structure. Through efforts over the past 10 years or more, the pattern of opening up to the outside world has been developed in an all-around way and the degree of openness in China's economy has been greatly increased. By opening up to the outside world, China's economy has been invigorated. This finds expression not only in the visible roles played by the use of foreign funds, the application of foreign technologies, and foreign trade, but also in the invisible influences of various facts, such as quicker access to information, wider perspectives, more knowledge, and higher management levels. Without opening up to the outside world, we would not have achieved great successes in economic development over the past 14 years.

Reform and opening up and the four cardinal principles are united. When the party Central Committee decided to shift the focus of work to economic construction, in

order to ensure a correct orientation of economic construction, reform, and opening up and provide them with a stable social environment, at the same time it advocated definitely upholding the four cardinal principles.

The reason our reform and opening up can develop healthily is that it is conducive to the consolidation and development of socialism. This is an important reason why China's reform is successful and reforms in the Soviet Union and East European countries have failed. It also shows that the CPC is mature in the political and theoretical fields.

To achieve the strategic objective of social and economic development in the 1990's, it is necessary to further deepen reform and expand the scale of opening up. To deepen reform, it is necessary to bring forth new theoretical ideas. An important contribution made by the 14th CPC National Congress in the theoretical field was the theory of the socialist market economy. This was an inevitable result of the development of the theories and practice of economic structural reform over the past 14 years.

The practice of the past 14 years proves that correctly handling the relationship between planning and the market is the core of economic structural reform. Since reform was carried out, the traditional concept of regarding planning and markets as the criteria for distinguishing between socialism and capitalism has been smashed. This is a great emancipation of the mind. In the past, the planned economy and the market economy were regarded as the criteria for distinguishing between socialism and capitalism. This was a reflection of the old economic structure, because the traditional socialist economic structure was actually a highly centralized planned economy, and the capitalist economy was a market economy. Now, as the socialist countries are using market mechanisms more extensively and capitalist countries have strengthened their economic planning since the 1930's, especially since World War II, this criterion for distinguishing between socialism and capitalism has become groundless. Some people say that the question of planning and the market is a case of "Goldbach's conjecture." In the course of economic structural reform since the Third Plenary Session of the 11th CPC Central Committee, we have gradually deepened our understanding on the relationship between planning and market and have made continuous advances in practice. The Third Plenary Session of the 11th CPC Central Committee pointed out definitely that "it is necessary to act in strict accordance with economic laws and attach great importance to the role of the law of value." It also urged to boldly delegate power to the lower levels and separate government administration from enterprise operations so localities and enterprises could have greater decisionmaking power. Actually, this was a question of planning and the market and a question of giving play to the role of market mechanisms. By stressing giving first place to the planned economy while making market regulation subsidiary, the 12th CPC National

Congress formally introduced market regulation into China's socialist economic structure. This was another advance made by our party. The resolution adopted by the Third Plenary Session of the 12th CPC Central Committee on reform of the economic structure pointed out that the commodity economy was an unsurpassable stage of socialist economic development. It changed the traditional concept, which set the planned economy against the commodity economy, and put forth a new concept that China's socialist economy was a planned commodity economy on the basis of public ownership, providing theoretical guidance for comprehensive economic reform. The 13th CPC National Congress further pointed out that the structure of a socialist planned commodity economy should be a structure in which planning and markets are unified and that the roles played by both planning and markets cover all of society. Since the Fourth Plenary Session of the 13th CPC Central Committee, proposals have been made on establishing an economic structure and operational mechanism combining the planned economy and market regulation to suit the development of the planned commodity economy. The necessity of combining the advantages of both planning and market has also been stressed. In his important talks given at the beginning of this year, Comrade Deng Xiaoping emphasized that both planning and markets are economic means. This further emancipated the people's minds. From the above-mentioned progress we can see that reform was started from attaching importance to the law of value and the role of markets. Then, with the development of practice, a deeper understanding was achieved on the important role of the market in modern economic development. The different formulations reflect people's understanding in different stages, or different links in the course of gradually deepened understanding.

In the practice of economic reform over the past 10 and more years, the scope of the market has gradually expanded and the role played by market regulation has been increasing. At present, the prices of most commodities have been relaxed. Spheres under the direct management of planning have been markedly reduced. Through the practice of economic structural reform and theoretical explorations over the past 10 years or more, an important leap in recognition has finally been achieved and a conclusion on establishing a socialist market economy structure has finally been drawn. In reality, it has further clarified the orientation of China's economic structural reform, has made it easier to connect with the international market, and has enabled China's economy to advance toward the world arena. At present, as the market economy has been adopted by the great majority of countries internationally, the economy is operating in accordance with the regulations of a market economy. The establishment of the socialist market economy structure will certainly further strengthen the vitality of the Chinese economy. The tasks put forth by the report [Jiang Zemin's report to the 14th CPC National Congress], such as changing enterprise operational mechanism, accelerating cultivation of

the market system, deepening reforms of the distribution and social insurance systems, and speeding up the change of government functions, are all indispensable in establishing the structure of a market economy.

People are discussing the relationship between the market economy and the commodity economy. In my understanding there are differences between the two, but they are interrelated. Commodity production is production for the purpose of exchange. Commodity production and commodity exchanges form the commodity economy. The development of the commodity economy is a long historical course. The development of the commodity economy is inevitably accompanied by the expansion of the market and the increasing role of regulation played by market mechanism on the economy. Simple commodity production is only for the purpose of each making up the other's deficiency from his own surplus. There are great regional restrictions in commodity markets. But the commodity economy under the conditions of modern and socialized mass production is a developed market system. It has not only a nationwide and unified commodity market but has also a developed capital market, a labor market, a technology market, and an intelligence and information market. It is not merely a domestic market but has increasing relations with the international market. The market plays a basic role in the allocation of resources. At the same time, the state's role of macroeconomic regulation and control is also being strengthened. Perhaps we can also say that the market economy is also a commodity economy, but only a fully developed commodity economy under the condition of socialized mass production can be a market economy.

The general trend for China's economic development in the future is that the market will play an increasing role in economic development. Enterprises should be geared to the needs of the market, and the economy cannot develop without the market. While stressing the role of the market, we do not mean to exclude or negate the role of state macroeconomic regulation and control. As means of economic regulation, both the market and planning have their strong and weak points. We must do our best to combine their strong points and overcome their weak points. At present, we stress the role of market mechanisms; capitalist countries, however, are stressing, to varying degrees, the state's macroeconomic regulation and control over their economies. In some fields they are even doing this more effectively than we are. Macroeconomic regulation and control are also objective demands of socialized mass production. The structure of the market economy we are going to establish is aimed at enabling the market to play a basic role in the allocation of resources under the state's macroeconomic regulation and control. Apart from financial, monetary, and other economic means, state planning is also an important means of macroeconomic regulation and control. The problem at present is that our planning is still not scientific enough and our market is still unstandardized. Thus, we are faced with the twofold task to make our

planning more scientific and to standardize our market. The course of achieving these objectives will also be a course of gradually establishing a new structure of a socialist market economy. Development from a planned economy structure to a market economy structure is a profound transformation. In China, as the market economy has developed from a low base, the market system is still very imperfect. In addition, market barriers between regions and regional self-sufficiency and consumption still exist seriously, and the material conditions for the market economy, such as transportation and communication, are still underdeveloped and many systems have yet to be established and perfected along with the development of social productive forces. Thus, establishing and perfecting the socialist market economy will be a course of long-term development, which cannot be accomplished overnight. By the early 1990's we can expect that a new economic structure will have been established initially. On this basis, through some 20 years of effort, more mature and finalized systems will be established in various fields. This, we can say, is the ultimate objective of our reform.

III

The strategic arrangement of basically achieving modernization in economic construction by three steps is an important component part of the theory of building socialism with Chinese characteristics. It was made on the basis of a scientific summation of historical experiences and a profound analysis of China's social and economic situation. The report delivered at the 14th CPC National Congress reiterated this strategic arrangement and put forward the policies and principles for achieving the second-step strategic objective in light of the practical experiences of the past 10 years or so and the situation and tasks of the new development stage.

The basic solution to the problem of having adequate food and clothing shows that China has gone through an important development stage in its economic construction. In the 1990's, the objective of China's economic and social development is to develop from having adequate food and clothing to leading a relatively comfortable life. This will be a more important development stage for China's economic development. The problem of having adequate food and clothing was solved after about 40 years on the basis of the 30 years of construction after the founding of the Republic and through the efforts of the 10 years after the Third Plenary Session of the 11th CPC Central Committee. Undoubtedly, to develop from having adequate food and clothing to leading a relatively comfortable life in the 10 years to the end of the century is a very arduous and magnificent task. Judging from both the internal and external environments for China's development or the general law governing the development of a developing country from a low-income to an intermediate-income country, we can say that the 1990's will be a key period for China in its modernization construction.

On growth rates for the Chinese economy in the 1990's, the proposals formulating the 10-Year Program and the Eighth Five-Year Plan for National Economic and Social Development adopted by the Seventh Plenary Session of the 13th CPC Central Committee in December 1990 and the outline of the 10-Year Program and of the Eighth Five-Year Plan adopted by the Fourth Session of the Seventh National People's Congress [NPC] stipulated that GNP would grow at an average annual rate of 6 percent. This was put forward according to the set objective of quadrupling 1980's GNP by the year 2000 and still have plenty of room for faster development. At that time, there was a comparatively grim political situation both at home and abroad and economic rectification and improvement were being carried out. Certain destabilizing factors existed. The objective situation influenced decisions on planned targets. Since the beginning of this year, a relevant department made a new prediction for China's economic growth rate in the 1990's in light of the new international and internal situations. It believed that the result of actual development may be faster than 6 percent and it may be more appropriate to set the annual growth rate at 8 to 9 percent, as our national strength is strong enough to support it. The report delivered at the 14th CPC National Congress proposed that the annual growth rate should be 8 to 9 percent. It was a positive proposal and there is still some room for a faster development. We should make great efforts to achieve this goal. According to one calculations, if the economy grows at an annual rate of 8 percent, the objective of quadrupling GNP will be achieved in 1997 ahead of schedule (GNP for the year 2000 will be 506 percent higher than the 1980 figure); if it grows by 9 percent annually, the objective can be achieved in 1996 (and by year 2000 GNP will be 550 percent higher than the 1980 figure). At the current stage, international competition is, in essence, a trial of comprehensive national strength based on economic strength and strength in science and technology. Countries with backward economies will be controlled by others. At present, many countries are speeding up their development. In particular, some of our neighboring countries and regions are developing relatively faster. Japan has become a big economic power in the world, and the so-called "four little dragons" of Asia have also realized modernization in the economic field. Under complicated international and internal situations, we must have a strong sense of urgency in promoting our economic development and should endeavor to strive for a higher economic growth rate and more substantial economic achievements. The speed of our country's modernization is not only an important economic question, but is also an important political problem concerning the consolidation of our socialist system and the long-term tranquility of our country.

In the 1990's, there are many favorable conditions for China to accelerate its pace of economic development. First, China's industrialization drive has not yet been completed and its economy is just in a period of expansion. Investment will bring along overall economic

development and this will be a major characteristic and strong point of economic growth in the 1990's. There is great potential in the domestic market and for economic growth. Second, through more than 40 years of construction since the founding of the Republic, especially the development of the past 10 years or so since reform started, China's comprehensive national strength has greatly increased and there is a more solid material foundation for its modernization drive. Third, breakthroughs have been achieved in reform and opening up. By further deepening reform, expanding the scale of openness, and establishing a socialist market economy structure, new vitality will be injected into China's economic development. Fourth, through more than 40 years of construction, especially the practice of reform, opening up, and modernization construction over the past 10 years or so, people have been tempered and experiences have been accumulated. The level of management has also been markedly increased. Fifth, through economic rectification and improvement, a basic balance between general social demand and general social supply has been achieved. At present, a relatively relaxed social environment characterized by steady economic development, a stable society, and the peaceful minds of the people has been created for further economic development. Sixth, despite the violent changes in the international situation, China still has much room to maneuver. It is faced with challenges, but also opportunities. There are many favorable conditions for it to open wider to the outside world. A peaceful environment for China's modernization construction will continue for the foreseeable future. We must seize this opportune time to speed up our economic development. We believe that certain development stages with faster development speed and better economic results will undoubtedly appear in the long course of modernization construction in the future.

China's economic growth rate has not been low since the founding of the Republic. The achievements of its economic development are universally acknowledged, but they are not well matched with the economic growth rate. The main reason is low economic returns. Since the Third Plenary Session of the 11th CPC Central Committee, economic work has been put onto a track of taking economic returns as the center. Over the past 10 years or more, great achievements have been made in increasing economic returns. Overall national economic returns have been increasing and the economy has been slowly changing from the extensive-operation type to the intensive-operation type. However, judging from the overall situation, China's economic development is still of an extensive type of development determined by the growing speed of output. Aimless investment in industrial production and low-level and duplicated construction still widely exist. The trend toward an extensive type of regional industrial structure has resulted in the wastage of limited resources. In many trades, the material consumption rate has increased but the profit tax rate has dropped. Poor product quality is also a fatal weakness of China's industrial development. Although

China is rich in natural resources, natural resources per capita is relatively low. At present, when we are carrying out large-scale construction we are faced with many problems, such as fund shortages and backward basic industries and basic facilities. Moreover, there is sharp economic and technological competition in the world. Therefore, there will be no way out if we continue to develop the extensive type of operation. Instead, we must follow the path of increasing economic returns and unifying both speed and returns. In order to accelerate the pace of modernization, we must realize two fundamental changes in the guiding ideology for economic work. First, the highly centralized planned economy structure should be changed into a socialist market economy structure. Second, in types of economic development, the extensive type of operation should be change into an intensive type of operation. To realize these changes, which is a requirement of the modernization drive, it is necessary to further emancipate the mind.

Readjusting and optimizing the industrial structure is of great importance to increasing the overall returns of the national economy and ensuring sustained economic growth. The main tasks for scaling new heights in economic development should certainly include upgrading the industrial structure. Generally speaking, economic growth is, to varying degrees, always accompanied by a readjustment of the industrial structure. In the new stage of economic development, from having adequate food and clothing to leading a relatively comfortable life, readjustment of the industrial structure is especially important. In this new stage, as the people have higher demands on the quality of consumer goods and have more choices, there will be obvious changes in the consumption structure. Increasing numbers of the rural population will be changed into a nonagricultural population. Only by carrying out readjustment can the product mix and the industrial structure satisfy the demands of the new stage of economic development. This readjustment has become more pressing because of faster progress in science and technology, the transformation of traditional industries, and the emergence and development of some new industries. To suit this situation, only by actively readjusting the product mix and the industrial structure can we increase macroeconomic returns and ensure that there is continuous momentum for our economy to advance toward modernization. According to the objective demands of the new economic development stage, the orientation for industrial structural readjustment in the 1990's is to increase the quality of primary industry and agriculture and steadily increase its output while developing high-yield and fine-quality agricultural products; to further develop secondary industry, strengthen construction in basic industries and basic facilities, reorganize, transform, and improve processing industries, and make positive efforts to readjust the internal structure of the industry; and to vigorously promote the development of tertiary industry

and continue to increase its proportion of GNP so that it can make greater contributions to economic growth in the 1990's.

Science and technology are the primary productive forces. Only by vigorously promoting science and technological progress can we vigorously develop the economy and gain the initiative in sharp competition. To increase economic returns, whether in a macroeconomic or a microeconomic sense, we should improve management and rely on science and technological progress. In the 1990's, GNP will grow at an average rate of 8 to 9 percent. But the growth rates for energy, raw materials, and communications and transportation cannot be that high. This problem should be solved by reducing consumption and readjusting the structure. In the current stage, there are two tasks to fulfill in readjusting the industrial structure. One is to harmonize the industrial structure. The other is to modernize this structure. Rationalization and modernization of the industrial structure step by step through readjustment should be based on science and technological progress. In modern times, as science and technology develop and change day by day and new products as well as new trades and new industries emerge in the wake of technological progress, the industrial structure is naturally upgraded. Scientific and technological achievements in many new and high technological spheres, such as biotechnology, information technology, automation, new materials, energy, aerospace, marine engineering, lasers, superconductors, and fiber optics, have produced or will soon produce great influences on the industrial structure. Therefore, promoting science and technological progress is of great importance to the readjustment of the industrial structure and to the entire modernization drive as well. Scientific and technological progress needs qualified people, who should be educated. That is why the report delivered at the 14th CPC National Congress attached particular importance to the development of education and the intellectuals issue.

China is a country with a vast territory and many nationalities. The regional economic structures are an important issue in the strategy for social and economic development. The guiding policy put forward by the 14th CPC National Congress report is to give full play to the superiority of various localities, accelerate regional economic development, and promote rationalization of the whole country's overall economic arrangements. This is the correct policy. A general picture of China's economic geography is that the western part is rich in natural resources, while the eastern part is poorer. But the population and industries are mainly in the eastern part, which forms a sharp contrast. This is a result of long-term historical development. Since reform and opening up, the old strategy for economic development, which was worked out according to an incorrect judgment of the international situation and was characterized by moving factories westwards to carry out "third line" construction, has been changed and preferential policies have been adopted for the coastal areas in

reform and opening up. As a general trend, greater economic development has been achieved in various localities, but the gap between the eastern and western parts has been further widened. There are also great differences among provinces and regions in both the eastern and western parts of the country. As far as the harmonious development of regional economies and the demands of modernization construction are concerned, the deployment of the productive forces, which is characterized by large quantities of resources being transported from the central and western parts of the country to the eastern part for processing and finished products transported back to the central and western parts, is an important reason for the great demands on transportation and growing production costs. It has also affected the readjustment and upgrading of the industrial structures of both the central and western parts and the eastern part of the country and increasing macroeconomic returns from the entire national economy. Thus, the transfer of some traditional industries, which are characterized by high energy and raw materials consumption, from the east to the interior and the west has become an inevitable trend. As a result of this transfer, the export-oriented economy and industries with high added value and low energy and raw materials consumption will develop faster in the east part, and traditional excavation and processing industries will develop faster in the interior and the western parts of the country. This will help rationalize the distribution of the nation's regional economy.

In economic construction, it is necessary to take the development of the market economy and the important environment of opening up to the outside world into full consideration. By breaking regional barriers, the development of a rational division of labor among various regions will be promoted. Opening wider to the outside world will further give play to the relative superiority of our country in international exchange. All these are positive factors for China's economic growth in the 1990's.

IV

China is carrying out socialist modernization construction under the leadership of the Communist Party. To ensure the great cause of building socialism with Chinese characteristics advance toward victory, it is necessary to strengthen party building and improve party leadership.

The 14th CPC National Congress report pointed out: "To firmly uphold the party's basic line, carry out socialist reform, opening up, and modernization construction better and faster, and ensure the long-term stability and prosperity of our country, the key lies in arming the whole party with Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics." Because of this, the report made an overall and realistic exposition on the question of how to strengthen party building in the following five aspects: conscientiously study the theory on building socialism with Chinese characteristics and be more conscientious and

resolute in implementing the party's basic line; strengthen the building of leading bodies and train successors to the socialist cause; maintain close party-masses relations and resolutely overcome negative and corrupt phenomena; strengthen building of the party's grass-roots organizations and give full play to the exemplary role of party members; and uphold and perfect the system of democratic centralism and maintain the solidarity and unity of the party. In particular, the theory of building socialism with Chinese characteristics and the basic line of the party on the initial stage of socialism were added to the revised party constitution, which is of great significance to unifying the thinking and actions of the whole party and striving for great victory in building socialism with Chinese characteristics.

The essence of the question is how to strengthen party building and improve party leadership in the environment of reform and opening up and the development of a market economy.

The CPC was founded in an environment of revolutionary struggle as a toll of class struggle. It was an organization of revolutionaries established and developed in accordance with Lenin's theory on party building. The founding of the CPC was in conformity with the objectives demands of class struggle in China at that time. It was the leader of the great revolution. After the founding of New China, a fundamental change took place in the party's position, that is, it became the party of power. After the basic completion of the socialist transformation of private ownership of the means of production, a fundamental change also took place in the main contradictions of society, which were no longer class struggle but the contradictions between the people's increasing needs in their material and cultural lives and backward social productive forces. To suit the new situation and shift the focus of work to economic construction means a severe test for party organizations and party building, and to change economic construction in a general sense into the development of a socialist market economy is a more severe test. Whether this change can be realized is a matter concerning the destiny of the party and the future of the state.

In order to realize this change, the party's line, party building, and the party's way of leadership and work methods should also change. The Third Plenary Session of the 11th CPC Central Committee decided to stop using the slogan of "taking class struggle as the key link" and shift the work focus of the whole party and whole nation to socialist modernization construction. Thus, a great historical turn was realized. In the great practice of reform, opening up, and modernization construction over the past 14 years, the theory on building socialism with Chinese characteristics and the basic line of "one center, two basic points" were established and developed. They are the great magic weapons of our party in the new historical period, leading China's socialist modernization drive to advance from victory to victory. A great deal of work has been done to make our party building suit the new situation of reform and opening up

and the development of a market economy so that party organizations can lead socialist modernization construction more successfully. But many problems in theory and practice have yet to be further studied and solved. The new situation, new tasks, and new problems in party building, which were brought forth by reform and opening up and by the development of a market economy, are still not recognized by many people. The correct policy decision made by the 14th CPC National Congress on strengthening party building and improving party leadership will undoubtedly greatly increase the people's understanding, which will be conducive to the solution of these problems.

Recently, a scholar from a former superpower said with a sigh that his country had "fallen at the threshold of the 21st century." At present, economic depression is sweeping the Western countries. A striking contrast to this is the fact that China has achieved miraculous progress over the past 14 years of its reform, opening up, and modernization construction. The 14th CPC National Congress summed up the experiences of the past 14 years and put forward a program for marching toward the 21st century victoriously. The whole party and people throughout the country are full of confidence. They are making great efforts to fulfill the tasks put forth by the 14th CPC National Congress. We have every reason to believe that, provided we firmly and resolutely implement the party's basic line, continue to unify the policy of reform and opening up and the four cardinal principles, endeavor to maintain social and political stability, sum up our experiences in good time, establish a realistic style of work, and continue to advance on the road of building socialism with Chinese characteristics, we will surely be able to achieve the magnificent goal of leading a relatively comfortable life by the end of this century and the magnificent goal of modernization by the middle of the 21st century.

Commentator Urges Strengthening Party Building
HK2711135892 Beijing GUANGMING RIBAO in Chinese 17 Nov 92 p 1

[Commentator's article: "Do an Even Better Job of Party Building"]

[Text] The party's 14th national congress not only made a penetrating analysis of the basic experiences gained in the great practice of reform, opening up, and modernization construction of the last 14 years and came up with and expounded the theory, objective, and task of developing a socialist market economy, displaying much originality, but also set forth basic principles and requirements for strengthening party building and improving party leadership in the new stage of reform, opening up, and modernization construction. Firm party leadership is the reliable guarantee of victory of our cause. To implement the spirit of the 14th CPC National Congress, we must, in accordance with requirements set in Comrade Jiang Zemin's report and in the party constitution, which was amended by the party's 14th

national congress, regard further strengthening party building as an important task for the present and for a certain period to come.

To further strengthen party building, the most important thing for us to do is to conscientiously study the theory of building socialism with Chinese characteristics, arm the minds of the large numbers of party members and cadres with this theory, and increase our consciousness and steadfastness in implementing the party's basic line. Our party, which takes Marxism-Leninism-Mao Zedong Thought as its guiding ideology, is the vanguard of the working class. The theory of building socialism with Chinese characteristics for the first time initially and relatively systematically answers a series of basic problems concerning ways to build, consolidate, and develop socialism in China, a country which is rather backward economically and culturally. The theory is the latest product of integrating Marxism with China's actual conditions, the Marxism of modern China, and a powerful ideological weapon charting the direction for us in fulfilling the new historic task. For now, in studying Marxism-Leninism-Mao Zedong Thought, we must concentrate on the theory of building socialism with Chinese characteristics. In the study, we must try to arrive at a profound understanding of the important points of the theory of building socialism with Chinese characteristics summarized by Jiang Zemin in his report delivered at the party's 14th national congress, grasp the essence of every point, and gain a clear idea of the relationship between different points. Facts show that only through conscientious study of the theory of building socialism with Chinese characteristics can the large numbers of party members and cadres improve their political quality and their ability to solve practical problems and reinforce their faith in socialism and communism.

In his report delivered at the party's 14th national congress, Comrade Jiang Zemin pointed out: "What the experience gained in the great practice over the last 14 years boils down to is that we must, without the slightest hesitation, adhere to the party's basic line, for which the theory of building socialism with Chinese characteristics serves as the guiding ideology." He also said: "The key to unswervingly adhering to the party's basic line lies in unswervingly focusing on economic construction." The party constitution, which has been amended by the party's 14th national congress, stipulates: "In leading the people to build socialism, the Communist Party of China must persist in focusing on economic construction, and all other work must be subject to and serve this central task." Party building is invariably related to the party's political line and helps carry out the party's political line. Under the new historical conditions, economic construction must become the core of party building since it has become the core of the party's political line. In studying the theory of building socialism with Chinese characteristics, we must apply it to our actual thinking and work, centering on the basic task of making party building

better serve economic construction. We must emancipate our minds and blaze new trails so as to constantly enhance our consciousness and steadfastness in carrying out the party's basic line.

To further strengthen party building, we must improve party leadership and enhance the party's rallying and combative power to suit the needs of building a socialist market economy. The party's 14th national congress has made the establishment of a system of socialist market economy the strategic objective for China's economic structural reform. This will not only exert a far-reaching influence on our economic activities and social life but will also bring new tasks for and new requirements on party building. For instance, to build a system of socialist market economy, it will be necessary to give full play to competition in order to accelerate economic development, and the market competition characterized by openness and impartiality, in turn, will certainly call for the introduction of the competition mechanism into the cadre and personnel systems, that is, cadres should be chosen through open and equal competition, so that the principle of survival of the fittest will prevail and cadres will go to a higher or a lower post as required. Again, there must be a higher degree of democracy in the work concerning cadres, the mass line must be observed, and the practice by which "cadres are chosen by a few people and from among a few people" must be abandoned. To this end, we must review the party's organizational development and carry out true reform of the cadre and personnel systems and create favorable conditions for talent to come out in the open. What is more, to build a system of socialist market economy will make it necessary for grass-roots party organizations, party organizations in enterprises in particular, to improve their modes of activities and ways of doing work, to gradually set up and improve rules and regulations for organizational development of grass-roots party organizations consistent with the new economic system, and to improve management of grass-roots party organizations so as to give full play to basic party organizations as a fighting force and to the exemplary vanguard role of party members. We should be clearly aware that the process of building a system of socialist market economy must be a process of improving party leadership. If we fail to improve party leadership, the party leadership will not better serve economic construction, the central task. As a result, strengthening party leadership will become empty talk.

The most important task for further strengthening party building is to do a good job of building all levels of leading bodies. Cadres are a decisive factor, once the political line is determined. Building all levels of leading bodies into strong leadership collectives loyal to Marxism and which resolutely follow the course of building socialism with Chinese characteristics is a reliable guarantee for implementing the party's line and attaining the strategic objective set by the party. We must boldly use those cadres who dare to blaze new trails, to make experiments, and to fight to win and clear

the way to forge ahead in the open sea of market economy and who have the courage and ability to control the market economy in accordance with the requirements set by the party's 14th national congress and with the principle concerning the use of cadres, which requires us to select cadres who are more revolutionary, younger in average age, better educated, and more professionally competent. We must further emancipate our minds, broaden our horizons, and get rid of outdated practices of making decisions according to qualifications and seniority, demanding perfection, and trying to strike a balance of power when appointing cadres. All levels of leading cadres must pluck up their courage. Comrade Deng Xiaoping once said: "We cannot break a good and new path and enter upon a new undertaking without a burst of energy and morale." By "morale," he meant the dashing spirit in which one is determined to carry out reforms, dares to pioneer new measures, and dares to fight in the van, as well as the courage with which one dares to meet difficulties head-on and keeps on fighting in spite of all setbacks. By "energy," he meant the enthusiasm with which one selflessly fights on and does all one can to make sure the set tasks will be fulfilled as well as the fortitude with which one maintains an unyielding grasp on what one plans to achieve. The tasks set by the party's 14th national congress are arduous. All levels of leading bodies shoulder a heavy responsibility. If they lack the necessary morale and enthusiasm, they will not be able to fulfill the glorious mission the times have entrusted to them.

Our reform, opening up, and modernization drive has entered a new historical stage. This provides a new opportunity and opens up broad prospects for strengthening party building. So long as we rally our energy and do solid things, we will attain new heights in party building.

'Conservatives' Block Propaganda Post Appointment

HK2811055992 Hong Kong THE STANDARD in English 28 Nov 92 p 10

[Report by S.L. Law in Beijing]

[Text] Conservatives within the Communist Party's Central Propaganda Department, apparently aided by party chief Jiang Zemin, have prevented a liberal official from becoming the head of their department, according to Chinese sources.

Sources said Zheng Bijian, a former secretary to the late party chief Hu Yaobang who now serves as vice-president of the Chinese Academy of Social Sciences, was prevented from taking the post because of a petition presented to party Central Committee by senior Propaganda Department officials and supporters of former department head Wang Renzhi.

Sources added that Ding Guangen, the Politburo member who recently took over overseeing the party's

propaganda work, would replace Mr Zheng, who still had not started work in the department.

The petition was pioneered by four bureau heads of the Propaganda Department, all of whom were promoted by leftist former department head Wang Renzhi who officially left his post on 10 November, said the source.

However, the source added that their plan to remove Mr Zheng could not have been realised so easily without support from the party chief.

It was said Mr Zheng had embarrassed Mr Jiang in a written report on the paramount leader Deng Xiaoping's southern visit early this year.

"Mr Jiang had left out Mr Deng's remarks about anti-leftism when he briefed departmental-level cadres in Beijing of Mr Deng's pronouncements," the source said.

As one of the three officials responsible for compiling the patriarch's remarks, Mr Zheng had included Mr Deng's remarks about anti-leftism in great detail in his piece.

"Mr Deng found Mr Zheng's compilation the most satisfactory and later turned it into the No 2 document which was widely circulated among party officials," said the source.

It was said that the promotion of Mr Zheng to the head of the Propaganda Department was at personal recommendation of Mr Deng.

"Mr Deng had also suggested promoting Mr Zheng to membership in the secretariat of the party Central Committee.

"In the face of extremely strong pressure from the conservative leaders, Mr Deng's suggestion was eventually dropped," the source said.

Provincial Leaders Prefer Business to Politics

HK2811032292 Hong Kong SOUTH CHINA
MORNING POST in English 28 Nov 92 p 9

[Report by Willy Wo-lap Lam]

[Text] Communist Party authorities have been forced to delay a new round of regional reshuffles because several candidates for provincial chiefs have turned down the offers.

Explaining this unprecedented phenomenon, a source in Beijing said quite a few candidates shortlisted by the Organization Department for top regional positions preferred to go into business.

"Two heads of large state corporations were recently offered jobs as party bosses of provinces, but they turned it down," the source said.

"The Organization Department has a particularly hard time filling senior positions in the poorer regions."

Patriarch Mr Deng Xiaoping decided in the summer to reshuffle the leaderships of more than 20 provinces and large cities before the end of the year.

However, the process will probably drag into next year given the lack of suitable or available candidates.

Chinese sources said Beijing would soon name the new governor and party secretary of Sichuan Province, China's largest.

The party chief of the city of Chongqing, Mr Xiao Yang, is considered a frontrunner to succeed outgoing Governor Mr Zhang Haoruo, who was demoted to a vice-minister of light industry on Thursday.

However, a source close to Mr Xiao said the charismatic reformist "had not yet made up his mind whether to take the job".

Three candidates have been mentioned as successor to retiring party boss of Sichuan, Mr Yang Rudai.

They are the alternate member of the politburo, Mr Wen Jiabao, the executive vice-party secretary of Sichuan, Mr Li Boyong, and the executive Vice-Governor of the province, Mr Xie Shijie.

A former aide to ousted party chief Mr Zhao Ziyang, Mr Wen is considered a leader of the reformist camp.

Both Mr Li and Mr Xie were promoted to the Central Committee at the 14th Party Congress last month.

The authorities are also having difficulty filling the vacancy that will be created when Beijing mayor Mr Chen Xitong takes over from the retiring Mr Li Ximing as party boss of the capital city.

"Vice-party secretary Li Qiyang and vice-mayor Zhang Jianmin have been short-listed by the Organization Department," a political source in Beijing said.

"The department is also considering party and government leaders from at least two other provinces."

The source said new leaders would also be named for provinces and cities including Inner Mongolia, Hebei, Qinghai, Tibet and Tianjin.

Analysts said Mr Deng was worried that many young and able reformists had been lured into the world of business, leaving behind traditional party functionaries to fill major party and government positions.

Mao Wall Calendars 'Big Seller'

HK2511151192 Hong Kong ZHONGGUO TONGXUN
SHE in English 1438 GMT 25 Nov 92

[Text] Fuzhou, November 25 (HKCNA)—Despite the profusion of bikini-clad beauties adorning wall calendars in the Mainland following a relaxation of official restrictions, statistics indicate that the big seller will now be wall calendars with Mao Zedong themes.

The 100th anniversary of the late Chairman Mao's birth is still one year away, but "Mao fever" has already been starting up in various parts of the country. Various books on Mao Zedong including biographies and anecdotal works have already flooded into both big and small bookstores as well as on street stands. A dozen cassette tapes eulogizing Mao became available all over the country to be followed later by films and television plays about Mao and other famous personages of his era. Different places across the Mainland have in the last two months been awash with activities relating to Mao including exhibitions of Mao badges and calligraphic and recitation contests of Mao's poems. Pocket-sized Mao portraits are to be found on the dashboard of most cars in the Mainland these days, an astonishing phenomenon among the many kinds of manifestations of "Mao fever".

The late start of the Mao wall calendars will grow to become another climax in the spontaneous non-governmental commemoration of Chairman Mao. Reporters have found that such wall calendars available on the market come in more than 20 designs, designed and produced by 14 art publication houses in the Mainland. Most of them depict Mao taken at different stages of his life between the 1920s and 1970s.

'Dissident' Zhou Duo To Leave for U.S.

HK3011030592 Hong Kong SOUTH CHINA MORNING POST in English 30 Nov 92 p 10

[Report by John Kohut in Beijing]

[Text] Dissident Mr Zhou Duo, who spent 10 months in jail after launching a hunger strike in Tiananmen Square on the eve of the Beijing massacre, leaves China tomorrow for Harvard University, where he will carry out sociological research on his native country.

Mr Zhou, 45, will be joining several dissidents already at Harvard, including journalist Ms Dai Qing and social scientist Mr Gao Xin.

The fact that Mr Zhou has been granted permission to go abroad seems to be an indication that international pressure on Beijing to improve its human rights record is having some effect. However, China continues to hold hundreds of political prisoners, many of whom are denied proper medical treatment.

"Objectively speaking, the human rights situation has improved since June 4," Mr Zhou said. This was because the Chinese Government had more self-confidence and was not as "neurotic" as it was a few years ago about each challenge to its authority, he said.

Nevertheless, "the basic problems have not been solved", Mr Zhou said. This included the continued imprisonment of political activists such as Wang Juntao, who is serving a 13-year sentence, the Government's

refusal to acknowledge the pro-democracy campaign of 1989 as a popular movement and denial of basic rights such as freedom of speech.

While China had made great progress in human rights since the days of Mao Zedong, Mr Zhou said the authorities should not be allowed to use China's "special characteristics" as an excuse to deny their people rights which have been universally accepted, he said.

Mr Zhou was a lecturer in sociology at Beijing University and later worked for the largest of China's non-state electronics companies, Stone Group.

After being released from prison, Mr Zhou went into business, setting up a hotel on a lake in Baiyangdian a few hours drive from Beijing.

In early 1991, hard-line leader Mr Song Ping criticised pro-democracy activists for trying to build up an economic base to fund their political struggles and named Mr Zhou and one other dissident as being in the forefront of such efforts.

Politics even interfered with Mr Zhou's planned marriage. After the massacre, his fiancée's work unit and parents put pressure on her not to see Mr Zhou, and the relationship later ended.

While at Harvard, Mr Zhou will be enrolled in the sociology department. He will be researching the topic of China's political modernisation and social stability.

Mr Zhou said China's current economic situation is "very good—beyond people's expectations", and there is little likelihood of political upheaval in the near-term.

Many people, including intellectuals, might be dissatisfied with current political and social conditions in China. Nevertheless, they had come to accept Dengism, that is, rapid economic growth while maintaining the political status quo.

"Many intellectuals feel that taking this road is not a bad thing" and that sacrifice of democracy for rapid economic development was a price worth paying, Mr Zhou said.

Rock Star Reportedly Sues for Copyright Violation

HK2611122692 Hong Kong AFP in English 1156 GMT 26 Nov 92

[Text] Beijing, Nov 26 (AFP)—China's leading rock-and-roll star, Cui Jian, has sued two companies for 600,000 yuan (107,000 dollars) in compensation because of alleged copyright infringement, a newspaper reported Thursday.

The 30-year-old singer-songwriter filed papers Wednesday with the Beijing Intermediate People's Court, the Beijing Youth News said.

Besides demanding 600,000 yuan for economic losses and mental suffering, he also wants a public apology from the two defendants, Beijing Normal University Publishing House and Shaanxi Western Record Co.

China only recently adopted a copyright protection law and violations are rampant.

Luo Gan Visits Relatives of Crash Victims

HK2811080392 Nanning Guangxi People's Radio Network in Mandarin 1130 GMT 26 Nov 92

[Text] This morning, on behalf of General Secretary Jiang Zemin and Premier Li Peng, Luo Gan, secretary general of the State Council, visited and expressed sympathy and solicitude for some family members of the victims of the 24 November air disaster. Cheng Kejie, chairman of the autonomous regional government; Yuan Zhengzhong, vice chairman of the autonomous regional government; (Yang Jichang) secretary general of the autonomous regional government; Jiang Zhuping, director of the Civil Aviation Administration of China [CAAC]; and leaders of Guilin accompanied Luo during the visit.

Secretary General Luo Gan extended deep sympathy to family members of the crash victims. He said: This event is the most serious air disaster in our country's history. The CPC Central Committee and the State Council have paid close attention to it. They have taken prompt action to organize rescue operations involving personnel from various quarters. They have also empowered the CAAC to conduct investigations to discover the reason for the crash, and instructed local people's governments at all levels to do well in dealing with the aftermath for local crash victims. He expressed the hope that family members of the crash victims would actively coordinate with the governments' actions.

Chairman Cheng Kejie stated that Guangxi would cooperate fully with the investigation team to discover the reason for the disaster, and do the work of receiving family members of the crash victims with a high sense of responsibility. Family members of the victims expressed their gratitude for the deep concern and sympathy of the CPC Central Committee and the State Council.

This morning, Luo Gan, Cheng Kejie, and other leaders also visited troops stationed in Guilin who participated in the rescue operations to express their thanks to the broad masses of officers and troops.

In addition, it has been learned that 24 of the victims of the 24 November air disaster were of Guangxi origin, or worked in Guangxi.

Democratic National Construction Association Ends Congress

OW3011140892 Beijing XINHUA Domestic Service in Chinese 1042 GMT 27 Nov 92

[By reporter Sun Yong (1327 0516)]

[Text] Beijing, 27 Nov (XINHUA)—The Sixth National Congress of the China Democratic National Construction Association [CDNCA], which lasted nine days, ended in Beijing today. The meeting adopted a resolution calling on CDNCA organizations at all levels and all CDNCA members to conscientiously study and implement the 14th CPC National Congress guidelines; persist in integrating the CPC's lines, guiding principles, and policies with the specific, actual conditions of the CDNCA; closely revolve their attention around the central task of economic construction; make vigorous efforts to establish a socialist market economy system; accelerate reform, opening up, and modernization; and accomplish tasks that are really conducive to achieving these objectives.

The resolution pointed out that, under the guidance of the theory of building socialism with Chinese characteristics forwarded by Comrade Deng Xiaoping, the recent 14th CPC National Congress decided on a strategic plan for our efforts for a certain period of time to come. The overall tasks facing the CDNCA in the next five years are: Following the guidelines laid down by the 14th CPC National Congress; upholding the basic line of "emphasizing the one central task of economic development and the two basic points of adherence to the four cardinal principles and implementing the reform and open policy"; endeavoring to give full play to the functions of a party that participates in government and political affairs; usher in a new situation of strengthening the building of the party by itself, concentrating efforts on promoting economic construction; and struggle to bring about social development in an all-around way.

The resolution stressed that it is necessary to conscientiously strengthen building ideology with the basic line as its center, promote organizational development with a view to establishing a backbone contingent of cadres who will perform their duties from now until the next century, and promote the CDNCA's endeavor in party building to a new level so that it may better fulfill the glorious tasks entrusted by history.

The closing ceremony held today also passed the resolution adopted by the Sixth National Congress of the CDNCA on the work report submitted by its Fifth Central Consultative Committee and read out a letter expressing respect for veteran comrades. The letter praised 43 veteran comrades, including Tang Yuanbing, for stepping down from the central committee to expedite the process of promoting younger comrades to the posts previously occupied by veteran comrades.

Sun Qimeng, chairman of the Sixth Central Committee of the CDNCA, delivered a speech at the closing ceremony. Sun Qimeng said: The CDNCA has decided on its major policies for the next five years. The key lies in implementation. He called on CDNCA organizations at all levels to emancipate their minds, change concepts, be bold to blaze new trails, pay attention to implementing policies and fulfilling tasks in a down-to-earth manner,

and to add a new chapter of giving full play to the functions of a political party and strengthening building the party itself.

Chen Suiheng, vice chairman of the central committee of the CDNCA, presided over the closing ceremony.

Military

Yang Shangkun's 'Secret' Speech on Carrier Noted

OW2811103192 Tokyo KYODO in English 0945 GMT 28 Nov 92

[Text] Hong Kong, Nov. 28 KYODO—Chinese President Yang Shangkun in early September said China should purchase an aircraft carrier and deploy it by 1997 to secure the disputed Spratly Islands, Chinese military sources said Saturday.

Yang, then first vice chairman of the Communist Party's Central Military Commission, made the proposal in a secret speech at a meeting of the People's Liberation Army's General Staff Headquarters, the sources said.

China has been building its military strength in anticipation of a conflict with Vietnam over the islands in the South China Sea, over which Vietnam also claims sovereignty, military analysts said.

Chinese Premier Li Peng will pay an official five-day visit to Vietnam on Monday, the first visit by a Chinese premier in 21 years, to improve bilateral relations. Beijing and Hanoi normalized diplomatic ties last November.

Chinese and Vietnamese naval vessels clashed near the Spratly Islands in 1988, and relations remain strained concerning the islands, which Malaysia, Taiwan, the Philippines and Brunei also claim.

Since the area is a vital shipping lane for Japanese cargo ships, China's plan may become a new concern for Japan, the analysts said.

Yang was dismissed from the top military post at the 14th plenum in October of the Communist Party's Central Committee, but China's military buildup will not change, the analysts said.

In the speech, Yang reportedly noted the need to develop new military arms and establish an emergency deployment unit.

The sources quoted Yang as saying that although China and Vietnam have normalized relations, Vietnam is not likely to give up its claim over the islands, and the Chinese Navy has no ability to defend the islands at present.

Yang said the government decided to buy an aircraft carrier to secure sovereignty over the islands, the sources said.

He reportedly said China has been developing its own aircraft carrier, but said it would take more than 10 years to deploy it.

Yang also called for the development of a vertical takeoff and landing aircraft and an intermediate range ballistic missile, they said. The aircraft and missiles should be deployed by 1997 to secure the islands, Yang was quoted as saying.

He also pointed out the importance of reinforcing the combat power of China's South Sea Fleet which is in charge of operations in the South China Sea.

Next year, Yang said, China will reorganize and expand its Navy to take thorough preparatory measures for a possible military clash in the islands.

In the event of such a clash, China must be able to attack the enemy swiftly and effectively, he reportedly said.

Also in the speech, Yang called for an increase in the military budget, which some military reports suggest would be substantially raised by 40 percent, although China officially announced about a 10 percent rise, the sources said.

The Spratly Islands, known as the Nansha Islands in Chinese, stretch over 1,000 kilometers south of Mainland China, and the area surrounding them is said to be rich in oil and marine resources.

Ukraine President Leonid Kravchuk, who visited Beijing last month, denied a reported plan to sell a Ukrainian aircraft carrier, the Varyag, to China.

China officially says it has no plan to purchase a foreign aircraft carrier, but it has been widely reported planing to buy one from Ukraine.

Central Committee on Yang's Attempt To Usurp Power

HK2911063392 Hong Kong MING PAO in Chinese 29 Nov 92 p 24

["Newsletter From Beijing": "Illegal Military Meeting Called by Yang Baibing is Classified by CPC Central Committee Document as an Attempt To Usurp Power and Leadership Over the Army"]

[Text] Regarding a military meeting summoned (without authorization) by Yang Baibing, former secretary general of the Central Military Commission [CMC] and director of the People's Liberation Army [PLA] General Political Department, a Beijing source said that the CPC Central Committee issued a document on the matter to the army level, which said that the central authorities defined the nature of Yang Baibing's mistake as "usurping power and leadership over the Army." It has been reported that Yang Baibing will be assigned to the Central Cultural Committee, serve as a deputy to Ding Guangen, and assist him in ideology and cultural work.

According to the informed source, regarding the military meeting summoned by Yang Baibing in the name of Deng Xiaoping and without authorization, the CPC Central Committee drafted a document in light of the investigation of the meeting and distributed it to the senior officers of the army level for perusal. The document said that the main mistake of Yang was that he attempted to "usurp power and leadership over the Army."

The source said that the 46 persons summoned by Yang Baibing are all senior military officers promoted in recent years by him while assuming the office of secretary general of the CMC and director of the PLA General Political Department, as well as top level military officials of the CPC who had close ties with him. At the meeting, summoned under the pretext of "having dinner," Yang Baibing said that he was authorized by Deng Xiaoping to consult military officers on emergency measures to be adopted after Deng's death. If Deng "passes away," the military officers present must obey his orders.

In view of these remarks made by Yang Baibing, the source said, apart from determining the nature of the meeting summoned by Yang as "a meeting of senior officers summoned without authorization" and an abortive military coup, the CPC Central Committee also defined his mistake as an attempt to "usurp power and leadership over the Army." The case was reported by veteran generals, who withdrew from the first line this year, to Deng Xiaoping. These veteran generals particularly pointed out that Yang Baibing's words and actions have changed the nature of the tradition that "the party commands the gun." As the mistake is serious, they asked Deng Xiaoping to sternly deal with the case.

In light of usual practice, the source added, military officers who are still in service after a period of time are promoted (to a higher rank). However, the work of promoting the ranks of military officers of the PLA General Staff Department, General Political Department, and General Logistics Department has been frozen because the followers of Yang Baibing must be strictly screened to prevent them from being promoted.

The source said that Yang Baibing was promoted to the Political Bureau because of Deng Xiaoping's contradictory feelings and mentality to seek a balance. Deng Xiaoping said that Yang had performed meritorious service in cultural work. For this reason, after leaving the military circles, Yang "will continue to work." It is internally determined that he will be assigned to the Central Cultural Committee, serve as a deputy to Ding Guangen, and assist Ding in ideology and culture work.

During the 14th party congress, MING PAO had reported that Yu Yongbo, deputy director of the PLA General Political Department, would become director, replacing Yang; and Fu Quanyou would assume the

office of director of the General Logistics Department. These appointments are now confirmed by the authorities.

Commentator Stresses Organizational Discipline

*HK2911031892 Beijing JIEFANGJUN BAO in Chinese
18 Nov 92 p 1*

[Commentator's article: "Enforce Strict Organizational Discipline—Fourth Discussion on Carrying Forward the Fine Traditions and Retaining the True Qualities of the Old Red Army"]

[Text] "All revolutionary military personnel should bear in mind the three main rules of discipline and the eight points for attention. First, obey orders in all our actions for only when we march in step can we win victories...." Whenever people hear this majestic and resonant song, they invariably recall the fine traditions of our Army who, during the revolutionary war years, strictly enforced discipline and, with one heart and one mind and with uniform steps, seized victories.

Our Army has always been known all over the world for its strict discipline. Comrade Deng Xiaoping said: "Without discipline, people cannot work with one heart and one mind. When making revolution in the past, we relied on discipline, and conscious discipline at that. This is the best style of the CPC since its founding." Whether in the arduous war years, or in the long period of peaceful construction, our Army has perseveringly enforced strict discipline. From not taking a potato from the masses in the Red Army period, to sleeping in the open in the streets of Shanghai during the war of liberation; from Qiu Shaoyun's strict enforcement of battlefield discipline with blood and life, to the conscious actions of the vast numbers of officers and men to "pack and set out" at the sound of order—all this shows that our Army's fine tradition of enforcing strict discipline has passed on from generation to generation.

In the new period, our Army shoulders an arduous, heavy historical task. If we want to stand the test of storms and stress in a complex and changeable international environment, we must, in keeping with the interests of the state and people, strictly enforce discipline and fulfill our sacred mission in uniform step. Discipline is the guarantee for implementing a line. To unswervingly uphold the party's basic line, the whole Army, from top to bottom, must strictly enforce the party's political discipline, maintain a high degree of centralism and unity in Army units, and vigorously support reform, opening up, and economic construction. Modern warfare shows a marked trend of entirety [zheng ti hua 2419 7555 0553]. Only when we have centralized, unified command, a strong concept of time, and strict military discipline and statutes is it possible to coordinate a powerful army and give full play to the might of the whole. Our army building has entered a new stage of taking modernization as the center. The higher the degree of troop modernization, the stricter the demand

on discipline. All the decrees and regulations of our Army are the standardization and embodiment of our Army's discipline. If our Army's statutes are incomplete and our discipline lax, we shall not have strong combat effectiveness even though we have first-rate weaponry. Therefore, it is necessary to codify, standardize, and institutionalize all actions of the troops and establish a strict and regular order in war preparedness, training, work, and life. This is the demand of the times and the road the troops must follow to build a regular army in peace time.

In a relatively peaceful time, people's lack of profound experience in strictly observing discipline under a war situation is apt to breed the tendency of looking down upon discipline. Particularly given the current situation of reform and opening up, on the one hand, the Army has gained new vitality in army building but, on the other hand, it also faces many new circumstances and problems it has never met before. For this reason, keeping the Army within the bounds of strict discipline and offsetting the influence of various negative factors is also an important link in consolidating and enhancing the Army's combat effectiveness in the new period.

To strictly enforce discipline, it is first necessary to advocate taking the situation as a whole into consideration. The party's line, principles, and policies in the new period reflect in a concentrated way the interests of the party, people, nation, and state. They represent the highest overall interests. Strict discipline guarantees that all actions of the troops are consistent with the requirements of the party's line, principles, and policies, and are subordinated to the need of this overall situation. Comrade Deng Xiaoping said: "Some things are feasible from a partial point of view, but unfeasible from an overall point of view; some things are unfeasible from a partial point of view, but feasible from an overall point of view. In the final analysis, we should take the situation as a whole into consideration." Taking the situation as a whole into consideration is a basic demand set on leading cadres at all levels. All genuine communists and all revolutionary soldiers who are genuinely dedicated to the socialist cause of the motherland must have such political quality and observe such political discipline. Therefore, we must proceed from the interest of the revolution as a whole, place the interests of the party, people, nation, and state above all else, and take implementation of the party's line, principles, and policies as the highest standard of enforcing discipline.

To strictly enforce discipline, it is necessary to obey orders in all our actions. Comrade Deng Xiaoping said: "This Army of ours has always stressed the need to obey orders in all our actions and to consciously observe revolutionary discipline. If we fail to do so, how can we vanquish the enemy much stronger than us? Can we guarantee the party's absolute leadership over the party and implementation of the party's line and policies? Can we accelerate the building of a revolutionary and modern army?" Obeying orders is the bound duty of servicemen; strict enforcement of orders and prohibitions is an

indication of having combat effectiveness. In the future, under whatever circumstances, the Army must be able to get into immediate action as soon as the order is given. Servicemen must regard unconditional observation of orders and execution of orders in all their actions as the most basic standard of actions.

Strict enforcement of discipline must be based on a high degree of consciousness. The common interest and mission of all our officers and men determine that the Army can turn strict discipline into conscious action. As Comrade Mao Zedong put it: "The reason for the strength of this Army is that all people who join this Army have conscious discipline." Leading cadres at all levels should all the more consciously observe discipline and be models in observing discipline. All troops that can deter the enemy invariably have generals who are strict with themselves. Both history and reality show that, when cadres take the lead in observing discipline, the troops will be brave and in good order as one, with a neat military style; and if conversely, it will lead to lax discipline in the troops.

To strictly enforce discipline, it is also necessary to struggle against the phenomena of disrupting discipline. "There should be no delay in bestowing rewards and no break of regulations in meting out punishments." Discipline is compulsory in nature and has a binding force; those violating discipline must be punished. Acts of excessive accommodation and replacing sentiments with discipline are tantamount to giving a sanctuary for violations of discipline. This is the greatest hidden danger in building Army discipline, and so we must never lower our guard.

"When we strengthen discipline, the revolution will be ever-victorious." This has been repeatedly proved in the glorious course traversed by our Army. In the new historical period, all comrades in our Army should carry forward the fine tradition of strict discipline and our Army will certainly become invincible crack troops in the new journey.

PLA Trains Soldiers With Civilian Job Skills

OW2511060392 Beijing XINHUA Domestic Service in Chinese 0716 GMT 24 Nov 92

[Text] Beijing, 24 Nov (XINHUA)—Before the opening of a national meeting to commend work on cultivating and developing soldiers with extra civilian job skills and on utilizing these dual-purpose personnel across China, a relevant responsible person from the People's Liberation Army [PLA] General Political Department pointed out in his speech: After passing through stages of exploration, experiment, popularization, development, and persistent improvement, the PLA's work on cultivating soldiers with extra civilian job skills and transforming them into dual-purpose personnel has gradually been regularized and systematized. It has yielded outstanding results.

Comrade Deng Xiaoping made the proposal to turn soldiers into dual-purpose personnel in 1977; he has been persistently advocating the idea ever since. This brilliant policy decision has satisfied the needs of both the Army and state in the modernization drive during the new era, and has reflected the aspirations of the broad masses of soldiers and officers for new knowledge and enhanced competence. It has gained warm support and positive response throughout the Army; it has also obtained strong support from various local governments, the masses of people, and particularly civil affairs departments at various levels. Even though constrained by tight military budgets, the Central Military Commission has thrice increased expenditures on scientific and cultural education as well as on cultivating dual-purpose personnel. After incorporating the training of dual-purpose personnel into their educational training programs, various military units have unified programs for formulating, organizing, implementing, and guaranteeing the cultivation programs on dual-purpose personnel training. The broad masses of cadres and fighters have been studying under these programs through various methods. Since 1983 nearly 8 million fighters have participated in civilian skill-training programs; 70 percent of them have obtained certificates after completing one or more subjects at technician- or passing-level.

In light of their current conditions, social needs, and the soldier's aspirations, various military units have paid equal attention to conducting intelligent education programs and technical training which is useful and applicable both in army and civilian life, while persistently stressing military training. By integrating several special topics at elementary, intermediate, and advanced levels, they have organized officers and soldiers to learn scientific and cultural knowledge, as well as other new general knowledge and technologies which are useful and applicable both in army and civilian life. At present the generally adopted educational programs in the Army include: concentrated and rotational training, integrated professional programs, post-exchange, production and operations, temporary missions, self-study, correspondence courses, audio-visual education programs, and joint military-civilian training programs. More than 4,000 county and city-level governments, enterprises, and industrial units across China have formed joint-training programs with the Army. Certain units have listed the dual-purpose personnel training programs as a part of the local adult education or vocational training programs.

The work to cultivate soldiers into dual-purpose personnel has made a major impact on and actively contributed to the modernization drive undertaken by the Army and the state in the following ways: 1) Due to such work, cadres and fighters have enhanced their understanding of science and have raised their educational standards. More than 150,000 military officers throughout the Army have obtained college-level education or higher, bringing the proportion of officers in the Army with college degrees to over 50 percent. Currently, 78.4 percent of the officers in leading bodies at or above regiment

level have completed college-level education. Through various tuition classes, more than 200,000 fighters have passed the admissions examinations and have been admitted to various military academies and institutions. Over 11,700 officers and soldiers have become members of calligraphy, art, sculpture, seal cutting, and music societies at or above provincial level. Teams representing the Army have been group champions in several national education tournaments, thereby forming an image among the masses that these are modern, knowledgeable, and educated soldiers. 2) The work has contributed to the accomplishment of various military training. Young professionally trained officers and soldiers have produced outstanding results in military training, technical renovation, production operations, and construction projects. Dual-purpose personnel have researched or invented 6,487 scientific and technological projects which won scientific and technological awards from the state or army. 3) The work has improved and vitalized material and cultural lives in the Army. After applying scientific and technological knowledge to agricultural and sideline production, as well as to enterprise operations, cadres and soldiers have obtained considerable economic results. Most troops at company level have a professionally qualified cook who has significantly improved the culinary quality at the grass-roots level. The number of military-trained personnel specializing in calligraphy, painting, writing, literature and art, and sports has gradually increased with time. Spiritual and recreational activities within grass-roots units have multiplied and varied. And, 4) The work has produced and delivered many talents to various localities for their dual civilization construction. After returning to various localities since demobilization, a large number of dual-purpose personnel have actively joined in China's economic construction, have been involved in the great cause of reform and opening up, and have become a vital new force for the four modernization drives. Since 1983 some 2.68 million demobilized dual-purpose personnel have been reemployed. Out of the total, more than 500,000 have been township and village cadres; over 1 million have joined the rural enterprises with some 120,000 working as plant directors and managers. These dual-purpose personnel have established or led in establishing more than 767,000 various economic entities, producing an output value amounting to 71.3 billion yuan. They have founded over 10,000 export-oriented economic entities, earning foreign exchange totaling 3.6 billion yuan.

Economic & Agricultural

Article Discusses Socialist Market Economy
HK3011060092 Beijing GUANGMING RIBAO in Chinese 1 Nov 92 pp 1, 2

[Article by Wu Jinglian (0702 2417 8834): "A New Development of Marxist Theory—On The Socialist Market Economy"]

[Text] The relationship between planning and the market in a socialist economy has always been the focus of socialist theoretical controversies in the international communist movement. This question merits special attention because it is not merely a major theoretical issue but is a major practical issue as well and is directly related to the success of reform and the future of socialism. In light of the practice of Marxist theoretical development over the past century and China's reform over the past decade, the 14th party congress' political report has clearly stated that the target of China's reform is to establish a socialist market economic system. Besides enormously enriching the theoretical treasure house of Marxism, it has tremendously promoted the actual progress of socialist reform.

Controversies About Planning and the Market Over the Past Decade

As early as the initial period of reform and opening up, Comrade Deng Xiaoping said: It is definitely wrong to say that a market economy is limited to a capitalist society. Why cannot a market economy be developed within socialism? As feudal society witnessed the seeds of the market economy, it is possible to develop a market economy within socialism.

The State Council held a theoretical conference from July to September 1978 to study the question of accelerating the building of the four modernizations program, which included economic structural reform. The formulation at the conference was "integrate a planned economy with market regulation." At the deliberations later held by the theoretical circles later, the majority maintained that the formulation was not as accurate as "a commodity economy which integrates planned regulation with market regulation." Economists are in favor of the following formulation: "As China's current socialist economy is a commodity economy characterized by the coexistence of various economic sectors based on the predominance of public ownership of the means of production, it is necessary to establish a corresponding economic system"; "the principle and direction of China's economic structural reform are: Under the conditions of the predominance of public ownership of the means of production and in light of the requirements of developing a commodity economy and promoting socialized mass production, it is necessary to consciously apply economic laws"; and, "the unitary planned regulation should be changed to giving full play to the role of market regulation under the guidance of planning." Some comrades spoke highly of this theoretical development, believing that "the theory constituted great progress and a big leap."

Later, the formulations of the 12th party congress report were changed to "China practices a planned economy based on public ownership. Planned production and circulation constitute the essential part of China's national economy. Meanwhile, production and circulation of some products will be allowed to be regulated by the market, and no planning will be imposed.... This

part, which is subordinate and secondary, constitutes a supplement to planned production and circulation."

During the summer and autumn of 1984, some economists proposed to the central authorities that the formulation of a planned socialist commodity economy should be resumed. The "Decision on Economic Structural Reform" adopted by the Third Plenary Session of the 12th CPC Central Committee accepted this opinion. The decision explicitly pointed out: "It is necessary to discard the traditional idea of pitting the planned economy against the commodity economy. We should clearly understand that the socialist planned economy is a planned commodity economy based on public ownership, in which the law of value must be consciously followed and applied. The full development of a commodity economy is an indispensable stage in the economic growth of society." Thus, the target of China's economic reform was determined: to establish a "socialist commodity economy." Comrade Deng Xiaoping spoke highly of the decision. He pointed out: "The document is good, because it has explained what is socialism and has spelled out the new terms which our ancestors never mentioned before." "This is genuine socialism. Otherwise, it would be 'preference for the weed of socialism rather than the shoot of capitalism' proposed by the 'gang of four.'" Comrade Chen Yun also pointed out: "The decision on economic structural reform examined and approved by the current session made a four-point summary of the basic points of reform of the planned system. It conforms to China's current reality. Now China's economic scale is far larger and more complicated than in the 1950's." "If we continue to follow the methods of the 1950's, they will not work." As a result, a common understanding of the essence and objective of reform was reached among the cadres and the masses. A number of economists also pointed out that a commodity economy is a market economy, and a socialist planned economy is a socialist planned market economy. There were, however, differences in the theoretical circles over this understanding after June 1989.

Development Process of Marxist Traditional Theories

The scientific socialism founded by Marx and Engels established the theory and policy of socialism on the basis of socialized mass production. Therefore, our discussion should begin with the tentative ideas of classical Marxist writers on the socialist economic operation mechanism.

Classical Viewpoints

Marx and Engels predicted: First, in a socialist society, society's direct distribution of social labor and other resources in light of the predetermined plan will replace the market price mechanism. Second, society's distribution of resources according to the plan will eliminate the anarchy that results from commodity production and market competition and will achieve a proportional development of the national economy without crisis. In accordance with Marx's and Engels' prediction, classical

socialist economic theory gave rise to the corresponding relationship between socialist public ownership and capitalist private ownership and between a planned economy and a commodity economy.

Nevertheless, it is necessary to provide some explanation for the concepts used by Marx and Engels. The founders of Marxism never used the terms "commodity economy" or "market economy" to explain their economic forms of "commodity production" or "monetary economy." First, "commodity economy" was a Russian term used to express a meaning similar to "monetary economy." Second, Marxist founders did not use the term "market economy," because, like their predecessors, the classical economists, their analyses were focused on the quality of commodity relations rather than the detailed study of the monetary economy's resource distribution mechanism.

The term "market economy" prevailed at the end of the 19th century, when new classical economics emerged. The new classical economics carefully analyzed the commodity economy's operation mechanism, explained how it effectively distributed resources through the operation of the market mechanism, and confirmed that the market was the pivot of commodity economic operation. From then on, a commodity economy was commonly regarded as a market economy. A market economy or market-orientated economy, as the term suggests, means that the distribution of resources is decided by the market. For this reason, the term "market economy" was founded in the very beginning from the economic operation means, namely, the means of distribution of resources. It is but another formulation of monetary economy or commodity economy viewed from the angle of distribution of resources.

Lenin's Development

Lenin was a revolutionary who constantly used practice to test and revise the original conclusion. Throughout his life, there were great changes in his understanding of the means of socialist economic operation.

For a considerably long time, from the early days when he engaged in revolutionary activities to the period following the founding of the Soviet state, Lenin had insisted on the socialists' traditional views on planning and market. He said that socialism "intends to abolish the commodity economy," "establish a large-scale socialized planned economy," "attain nationwide centralization of economic life," and "turn the country's economic organs into a big machine and an economic entity in which millions upon millions of people work in accordance with one plan."

Tremendous changes took place in Lenin's thinking when the new economic policies were implemented in the spring of 1921. He pointed out bluntly: "We must admit that our overall view of socialism has fundamentally changed." He clearly pointed out that a unified state plan attained through the market mechanism does not

contradict with a planned economy. Under such circumstances, the change in the views on the relations between planning and the market is unavoidable. The analysis of the "Resolution on Industry" adopted by the 12th Russian (Bolshevik) Party Congress was: "Because we have effected a change and adopted market economic means, it is necessary to give all enterprises the freedom to carry out economic activities in the market." "Viewed from a given angle, the principle of planning is more or less the same as that during the wartime communist period; viewed from the method, it is entirely different." In this way, we can see that Lenin clearly differentiated between the two meanings of the "planned economy," believing that the state could be based on the market and realize the "planned nature" of the national economy with conscious coordination, that is, developing in a proportional way.

Stalin's Era

Lenin's early death posed a challenge to the continuity of the new economic policies. During the end of the 1920's, a new round of polemic was carried out at the Soviet leadership over the new economic policies. The polemic was focused on distributing resources through market or direct planning. In the polemic, the main faction led by Stalin defeated both the "leftists" and "rightists" politically and organizationally, adopted the "leftist" principle in theory and policy, and negated the new economic policies. As a result, a theoretical storm of criticizing "the blind faith in the market's spontaneous force" was stirred up, saying that the new economic policies were outdated, and their influence must be eradicated. Based on the political movement, Stalin's centralized planned economic model was established.

The "socialist political economics" established under Stalin's influence confused the means with the status of national economic operation. Meanwhile, it equated a centralized planned economy with a socialist economy and regarded a commodity economy or market economy as a unique form of the capitalist economy. As a consequence, the market force and regulation by the law of value lost their legality in a socialist economy, while the rigid Soviet structure became an inviolable, sacred thing. Apparently, the structural disorder and economic stagnation of the Soviet Union and other socialist countries after the war were directly related to this rigid theory and the means of distribution of resources established on the basis of this theory.

Contemporary Understanding

Beginning from the mid-1950's, the socialist countries began one after another to reform their original economic structure. Although the specific methods adopted by these countries for economic reform varied, their basic orientation was the same, specifically, introducing the market mechanism and giving more play to the role of the market force. At the initial stage, people merely increased certain market factors under the conditions of the framework of a mandatory economy remaining

unchanged for the sake of increasing material incentives for production units and individual laborers and promoting implementation of the state plans. Later, it developed to a small sphere in the national economy, which allowed regulation by the market (combination between regions [ban kuai jie he 2647 1040 4814 0678]). Moreover, planned guidance (colloid combination [jiao ti jie he 5231 7555 4814 0678]) based on a market mechanism was also considered to attain a proportional development. However, the latter idea could not gain a predominant position in the theoretical discussions in the Soviet Union and East European countries or make a substantial breakthrough in practice. Through theoretical exploration and reform practice over the past decade or so, China has eventually included "establishing a socialist market economic system" in the 14th party congress report, ensuring the new development of the socialist theory in practice.

Establishment of the Objective of the "Socialist Market Economic" Model Will Be Realized When Conditions Are Ripe

Practice has proved that market-orientated reform is the only way out for the rejuvenation of socialism. As a matter of fact, without fruitful market-orientated reform, we could not have reached the current situation of our party and state. For this reason, the objective of establishing a socialist market economic system set by the 14th party congress for China's reform is a wise policy decision which will be of great immediate and far-reaching historical significance.

Some comrades consider it difficult to accept the progress from a planned commodity economy to the objective of a socialist market economy. In fact, the term commodity economy cannot be found from the original works of Marx, nor is it a common term used in modern economics. It is a Russian expression, which cannot indicate the operation characteristics of an economic system or illuminate the basic means of distribution of social resources. Moreover, a commodity economy and a market economy are interrelated concepts, which determine an economic model from a different angle. A commodity economy is an economic form opposite to a natural economy. Under China's current conditions, it is an economic form opposite to a product economy, while a market economy is a concept opposite to "centralized planning" or "monopolized economy." During the early stage of China's historical development, the commodity economy had developed extensively. Around the 10th century, China already had paper money—600-700 years earlier than West Europe. Although there must be a market () commodity exchange, in ancient China, the market mechanism was not in a pivotal position of distributing social labor and material resources. Therefore, though China's commodity economy was mature, it does not mean that it had a market economy in ancient times. A market economy is a commodity economy with a certain degree of socialization. In a market economy, the market is the distributor of social resources. The essence of China's economic structural reform is

applying the method of distribution of resources based on the market mechanism to replace the distribution of resources based on mandatory orders. By taking a market economy as the objective of reform, we can grasp the essence of the matter and give prominence to reform.

The formulation of the objective of a "socialist market economy" is more distinctive and accurate than a "planned commodity economy" or a "socialist commodity economy." Some people may have objection: First, "a planned economy is tantamount to socialism, while a market economy is tantamount to capitalism"; second, the implementation of a "market economy" means such an economy will be controlled by the blind market force, which will lead to "anarchy in production"; and third, the implementation of the law of value will lead to polarization.

The above three inferences are not accurate and have been negated or revised through practice. We hold that, first, even in the world, not all economists believe that "a market economy is tantamount to capitalism, while a planned commodity is tantamount to socialism." The "decision" of the Third Plenary Session of the 12th CPC Central Committee clearly stated that the difference between socialism and capitalism lies in ownership rather than other areas. Second, planned distribution of resources cannot guarantee that the economy will develop without crisis. This was the conclusion drawn by Stalin in light of practice in the Soviet Union. On the contrary, by adopting the supplementary means of planned guidance based on improving the market, we can reduce economic fluctuations and avoid serious crisis. Regarding this, we can gain some enlightenment from post-war Japan's economic development (apart from Japan, the "four small dragons" and "three small tigers" which followed the "Asia-Pacific model" also practiced in general a market economy under such government guidance). Third, the role of the law of value can make those with abundant resources richer and those lacking resources poorer. Practice, however, has shown that polarization in income can be prevented as long as we do the following: First, take note of fairness in initial distribution; and, second, adopt the taxation measures of the progressive income tax and the heritage tax on one hand and offer welfare benefits to the lower strata on the other. This should particularly be the case in a socialist country where the laboring people assume political power.

Viewed from the progress of China's economic structural reform, although the national economy is monetary and a commodity economy has markedly developed, we cannot say that resources are distributed by the market mechanism. According to modern economic analysis, to distribute resources through the market mechanism, it is first necessary to have a price system which can reflect resource shortages. Such a price system has not yet been established, however. The slow progress in the establishment of a market mechanism has become the main obstacle to giving full play to the effective role of the new

economic system. Under such circumstances, the establishment of the objective of a socialist market economy will illuminate the course for China's reform and opening up, concentrate cohesive force, and enable China's modernization program to embark on the track of rapid growth.

Economist Cautions on Irrational Investment

HK3011124192 Beijing JINGJI CANKAO BAO in Chinese 10 Nov 92 p 4

[Article by Xue Xiaohu (5641 1420 0735): "Ma Bin (7456 6333) Says Economic Situation Cannot Possibly Improve in Near Future"]

[Text] While some newspapers are spreading the message that our national economy has been operating well at a relatively high speed this year, economist Ma Bin warns that the performance of the national economy this year is not in fact normal. Comrade Ma Bin pointed to current problems in the following four fields: 1) returns on sales and capital for state-owned enterprises are still at a low level compared to all previous years, while losses suffered by enterprises are at a high level, and the amount of funds tied up by finished products continue to increase; 2) the strain on transportation is aggravating; 3) there has been an excessive increase in the number of newly started projects and the structure of fixed asset investment is irrational; and 4) the growth of bank loans has been quite fast, while the recovery of paper money has been decreasing. With these problems persisting, the economic situation cannot possibly improve in the near future.

But why do a lot of people still brag about how good the economic situation is? Comrade Ma Bin analyzed this phenomenon and explained that they regard the following facts as synonymous with normal economic development: 1) rapid GNP growth; 2) relatively fast growth in state revenue; and 3) stable prices. In general terms, these are good signs, but it is necessary to analyze them in their respective contexts. After two rounds of inflation in 1986 and 1988, our leaders and economists have become very sensitive to price hikes. However, one should not only look at the retail price index when studying the price index, but should also look at what is happening to prices of production means. An expansion of investment inevitably brings about price rises for investment goods which, after some time, will cause price rises for consumer goods. There is no sign of an increase in the retail price index for the time being, but this does not mean that the economy is operating in a normal way. Secondly, the relatively fast growth in state revenue is contradictory to the low cost-effectiveness of enterprises. Apart from high-speed development, the following factors also contribute to the misleading nature of growth: 1) revenue from state bond sales was entered into the treasury ahead of schedule; and (2) the gain in exchange reserve effected by fluctuations in the exchange rate was also entered into the treasury as revenue. The third fact was rapid GNP growth. In fact, the GNP figure

is also quite inflated because 1) all fake and inferior commodities contribute to GNP; and 2) the value of all stockpiled products, though unsold, are also counted. Therefore, when commenting on development, one should look not only at GNP, but also the indexes of quality, cost, productivity, and so on. What we want to achieve is to both improve efficiency and speed to new heights.

Comrade Ma Bin maintains that in order to correctly understand the relationship between reform and development and to develop and grow, we must give top priority to reform and opening up. If we do not make great efforts to push ahead with reform, but instead hurriedly start new projects and expand the scope of development, the scope may become too big and bottlenecks will appear, which will in turn necessitate additional loans and give rise to a new round of inflation.

Role of Government Planners in Economy Viewed

HK2911065492 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 29 Nov 92 p 1

[By Wu Yunhe: "Government Works To Restrict Role of Planners in Economy"]

[Text] The State Planning Commission, the government's top think tank, is drawing up a historic reorganization plan as the country turns to a market economy.

"We are looking for a suitable niche that enables the State Planning Commission to better exercise its macro-regulation and control of the national economy," said Wang Chunzheng, Vice-Minister of the commission.

Wang told Business Weekly that the Commission will mainly adopt economic leverage to attain its goals of effective macro-regulation over the nation's economic performance. Formerly, it relied on administrative intervention.

The government will encourage the growth of market forces to guide economic decisions as opposed to direct intervention.

The commission is expected to come out with a plan next year.

So far, mandatory economic plans issued by the State have been reduced. Now, only 10 percent of state-run firms have mandatory economic plans which strict guidelines such as production quotas. [sentence as published] Such restrictive plans are increasingly giving way to guidelines given by the state in the form of "instructive plans."

The proportion of the instructive plans, which are drafted by the State and considered more flexible than the mandates, will continue increasing in the future, said Wang.

The new comprehensive system is expected to provide the government with adequate information on which to

base predictions and to control the country's economy through macro-, as opposed to micro-, management.

Wang said the State Planning Commission will pay primary attention to the construction of such essential industries as communications, energy and raw materials as well as on development of future plans.

He indicated that China needs to concentrate on improving the quality of long-term economic development plans that will protect against future problems.

Deepening reform, which includes fostering new market mechanisms and transforming the State firms' operation, needs systematic speed and precision.

"Proceeding from theoretical conditions and speeding up inefficiently may lead to economic instability," Wang said, adding that the State Planning Commission will implement the macro- regulation and control of the national economy from a high plane.

China's economy went into high gear this year. The gross national product (GNP) increased 11.3 percent the first three quarters of this year over the same period last year. An average increase of 12 percent is expected this year.

However, Wang pointed out that there were still some problems that could stand in the way of healthy economic development, for instance, the fact that the economic development is mostly attributable to the heated industrial production.

In addition, the nation's economic structure needs further streamlining. The tertiary industry, including the commercial and service businesses, developed too slow to meet the needs of the current quickening reform, he said.

The State Statistics Bureau reported that during the first 10 months of this year, investment in fixed assets by State-owned units amounted to 287.2 billion yuan (\$51.3 billion), up 37 percent over the same period last year.

However, investment in the transportation, energy, communication and raw material industries dropped 2.4 percent.

Need To Develop Private Enterprises Explained

*HK2411035192 Beijing RENMIN RIBAO in Chinese
6 Nov 92 p 5*

[From the "Press Digest" column: "Why China Should Develop Some Private and 'Foreign-Funded' Enterprises"]

[Text] The No. 4 issue of this year's GAOXIAO LILUN ZHANXIAN [HIGHER LEARNING INSTITUTIONS' THEORETICAL FRONT] magazine, run by the State Education Commission, published an article by He Zuoxiu entitled "I Would Also Like To Talk About Completely and Accurately Understanding and Implementing the Party's Basic Line." When explaining why

China should develop some private enterprises as well as joint-venture, cooperative, and wholly owned foreign enterprises (hereinafter referred to as three kinds of enterprises), the article points out:

The biggest difficulties faced by China in its economic construction are: A shortage of funds, a shortage of technology, a shortage of effective management, and a large number of surplus laborers. For some time to come, the state will not be able to allocate adequate work tools, advanced technology, or adequate management experience for the integration of labor force with work tools or work targets, but it will solve the problem of food and clothing for the people. Our initial method to solve this problem was "dividing three people's work among five," hence "dividing three people's food among five, too." This was necessary at that time, but subsequently became the fundamental cause of a decline in enterprises' economic returns. It is the basic difficulty China is facing in its economic construction.

Socialist enterprises can "let three people's work be done by three," but there is still a need to solve the problem of feeding the remaining two, because our government is a people's government. One of the methods to solve this problem is introducing three kinds of enterprises. This can greatly reduce the number of laborers lacking work conditions. This is the fundamental reason why China should carry out reform and opening up and develop some capitalist enterprises.

Building special economic zones in China is not only beneficial to the integration of foreign capital with China's labor force, but is also conducive to the centralization in these zones of domestic private funds, idle rural funds, and self-accumulated funds of local governments for the integration of labor force with work tools and work targets with scientific, technological, and managerial personnel. This is the cause of the emergence of a large number of "laborers" and "sisters from outside" in coastal areas—a new economic phenomenon. Some people say that special economic zones are developing fast because they have profited from hinterland people. As a matter of fact, without special economic zones, those idle and scattered workers, as well as funds, raw and semifinished materials, and technologies would not have become new productive forces. After these become new productive forces, some of the funds and technologies in special economic zones will in return be transferred to the hinterland, and this will form convergence between hinterland and special economic zones' economic development.

Apart from being able to speed up economic development, these private enterprises, three kinds of enterprises, and the private sectors of township and town enterprises will also help alleviate the problem of employment for workers to a certain degree. This will enable public-owned enterprises to let "three people's work be done by three," and following the improvement of their productive forces, "three people's work can be done by two." Therefore, private enterprises and three

kinds of enterprises are really useful supplements to the socialist economy. This will, of course, give rise to a number of problems such as contention for markets, capital, raw materials, labor force, technicians, and managerial personnel. But this contention is competition in essence and will help promote the development of various economic sectors.

However, it will be wrong to think that China should take the capitalist road because these are "useful supplements" or to propose that China should practice "privatization," should make up the "capitalist lesson" it missed, should introduce "peaceful evolution to save itself," or should follow some countries in introducing what they call "total privatization." In public-owned enterprises, labor force, work tools, work targets, science, and technology are organically integrating with each other, whereas "privatization" does not constitute a new productive force.

Li Peng Urges Support for Three Gorges Project

HK2711131192 Wuhan Hubei People's Radio Network in Mandarin 1000 GMT 21 Nov 92

[Text] The State Council Three Gorges Construction Work Meeting was held in Wuhan two days ago. The meeting studied the problem of establishing a leading organ for the construction of the Three Gorges project, and discussed the project's current preparation work.

Premier Li Peng presided over the meeting. Zou Jiahua, vice premier; Chen Junsheng, state councilor; Qian Zhengying, vice chairperson of the national committee of the Chinese People's Political Consultative Conference [CPPCC]; Luo Gan, State Council secretary general; and the persons in charge of the relevant departments of the State Council, Hubei Province, and Sichuan Province attended the meeting.

Premier Li Peng stressed at the meeting that the whole country must support the construction of the Three Gorges project.

Before the meeting, from 15 to 19 November, Premier Li Peng led the comrades in charge of the relevant State Council departments to inspect our province, accompanied by provincial party Secretary Guan Guangfu and Governor Guo Shuyan,

Premier Li Peng encouraged the leaders at various levels in our province to seriously implement the spirit of the 14th party congress, deeply understand the great meaning of the great theory of socialist market economy, grasp the opportune time to expedite reform and expand opening up, and struggle hard for allowing the national economy to scale new heights.

Premier Li Peng came to our province from Chongqing. He traveled down the Chang Jiang, and visited Badong, Zigui, Yichang, Changyang, Jingzhou, Shashi, Gonggan, Wuhan, and Ezhou, as well as Ge Zhou Ba Power Plant, the construction site of the (Guo He Ran) Hydropower

Plant in Jingjiang, and the Jingjiang flood-diversion area. Wherever he went, he would cordially talk to the cadres and people there, and extensively solicit opinions on how to implement the spirit of the 14th party congress, expedite the reform and opening up, properly resettle the migrants from the Three Gorges areas, and support the construction of the Three Gorges project.

When in Badong and Zigui Counties, Premier Li Peng inspected two localities which are trying out the migration, namely (Lei Jia Ping) village and (Li Jia Bo) village. He fully affirmed the achievements in exploratory migration made by the two villages.

Premier Li Peng stressed: Practice has proved that the policy of exploratory migration is correct, and we must resolutely implement this policy. The crux is to fully utilize the law of market economy to arouse peasants' enthusiasm for exploration, help the migration zones to form mechanisms promoting a good cycle, create a good development environment, properly use the state's investment, attract foreign capital, and enable migrants to strengthen their self-developing ability. It is necessary to resolutely integrate key points with ordinary duties. The urgent task at this moment is to properly carry out migration from the area where the dam will be built. The Three Gorges dam area must now shift attention to migration, which is the central task, and seek economic development in the migration zones by all means.

He pointed out: Hubei is the largest beneficiary of the Three Gorges project. The people in the whole province must take action to support the project.

On (Zhong Bao) Island in the Three Gorges dam area, several thousand local people and tourists warmly welcomed Premier Li Peng and his entourage.

Premier Li Peng seriously inspected (Hua Gan Ran), the site of the dam, and listened to detailed reports on the technical problems of the project and on the project's preliminary progress.

In the experimental yard of the Three Gorges project, he carefully watched an experimental turbine performance related to the Three Gorges.

In Ge Zhou Ba (Da Jiang) Power Plant, Premier Li Peng wrote a few words to encourage the 50,000 builders of Ge Zhou Ba to properly manage Ge Zhou Ba and invigorate the great Three Gorges.

In May 1986, Premier Li Peng inspected our province and decided to build the Jingjiang (Guo He Ran) Hydropower Station. After six years of hard work, the station began to install its No. 1 water turbogenerator in August this year. This time, Premier Li Peng arrived at the location to discover that the (Guo He Ran) Hydropower Station was performing a ceremony to put up its name plate. Premier Li Peng unveiled the plate for the power station, and gave enthusiastic encouragement to the builders of (Guo He Ran) Hydropower Station. Premier Li Peng was very interested in the (Guo He Ran)

project's leadership system, which combined state and local authorities during the construction process, in its projects management system guided by side A, and in its system of integrating construction with administration undertaken by side B. At the same time, he gratefully endorsed and affirmed their three-reliance principle, that is, relying on the units undertaking construction of major Ge Zhou Ba construction projects to carry out construction, relying on the standing committee's [as heard] design department to solve technological problems, and relying on the local government to move and resettle local residents.

Premier Li Peng stressed the need to seriously grasp the work in changing the operating mechanism within large and medium state-run enterprises during the deepening of enterprise reform. At present, some large and medium enterprises have poor returns but great power; so long as their operating mechanism can change, they will radiate vitality.

Wuhan Steel Works' new No. 3 blast furnace is a key technological transformation project aimed at bringing about an additional output of 5 million tonnes for the corporation. Premier Li Peng climbed to the rostrum of No. 3 blast furnace in front of the huge flames, and asked technicians about the production situation of the blast furnace. He wrote the words: Struggle for an output of 10 million tonnes of steel in Wuhan Steel Works.

He pointed out: To realize the great goal, Wuhan Steel Works should deepen internal reform, earnestly change operating mechanisms, and enable the enterprise to walk toward the international market.

Premier Li Peng stressed: To implement the spirit of the 14th party congress, the crucial point is to deeply understand the great meaning of building a socialist market economy. It is necessary to change concepts; make efforts to study, explore, and develop the market; and enable enterprises to really face and adapt to the market.

In the Shashi City Thermos Main Factory, the (Chang Dan) Wine Factory, and the Daily Use Chemical Products Main Factory, Premier Li Peng praised the people for their efforts to continuously develop new varieties and series of products, and for their impregnable positions in market competition.

Premier Li Peng pointed out: Attaching importance to agriculture is a big matter. At no time can we slacken our efforts to grasp agriculture, nor can we let agriculture wither because of the difficulty in selling grain and cotton. At present, many problems require us to explore new ways of thinking and new methods to tackle them. At this time, one acute problem is the issuance of IOUs when purchasing farm and sideline products, and this seriously affects relations between the state and the peasants and jeopardizes the enthusiasm for production among the peasants. The CPC Central Committee and the State Council attach great importance to this problem, and have adopted many measures. At present, the crux is to grasp implementation. Various localities

should tap potentialities and open up channels, trying their best to use disposable funds to solve this problem. At the same time, they must promptly study the new problems which may arise next year or in the future, and take measures, so as to suit the new situation after the opening up of the farm and sideline products market.

Premier Li Peng was very concerned with the work in economic and technological development zones in our province. When inspecting the Wuhan Economic and Technological Development Zone, the (Dong Hu) High- and New-Technology Industrial Development Zone, and the (He Dian) Economic and Technological Development Zone, he expressed satisfaction at the progress of the work in the development zones.

In Wuhan's (Gan Tou), a base designated to produce 300,000 cars, which is a Sino-foreign joint venture, Premier Li Peng climbed up to the "Mighty Dragon" sample car, and happily drove the car along the broad road in the development zone; he also wrote a few words which read: The mighty dragon gallops; the Chinese nation has a great future.

Zou Jiahua, vice premier; Chen Junsheng, state counselor; and Tian Zhengying, vice chairwoman of the National Committee of the CPPCC, arrived on 18 November and inspected the Wuhan Economic and Technological Development Zone.

On the afternoon of 19 November, Premier Li Peng and other leading comrades listened to the work reports by the provincial party committee and government, and by Wuhan City party committee and Government.

Premier Li Peng expressed satisfaction at the province's and Wuhan city's current work and work ideas for next year, as well as expressing his approval. He placed high hopes on our province's work.

Premier Li Peng stressed: Guided by the spirit of the 14th party congress, we must seriously do preparation work for next year's production. He said: Hubei Province and Wuhan city enjoy geographical strong points and many favorable conditions; so long as we can grasp the opportune time, expedite reform, and expand opening up, it is certainly possible to secure greater development.

Among those accompanying Premier Li Peng on his inspection tour of our province were State Council Secretary General Luo Gan, and the persons in charge of the relevant departments of the State Council, such as Yang Zhenhuai [minister of water resources] [Minister of Communications] Huang Zhendong; [Minister of Public Security]; Tao Siju; Liu Zhongli [deputy secretary general of the State Council]; Liu Jiang [vice minister of the State Planning Commission]; He Guanghui [vice minister of the State Restructuring of the Economic System Commission]; Shi Dazhen [vice minister of energy resources]; Lu Youmei [vice minister of energy resources]; Li Boning [director of the Office for Economic Development in the Three Gorges District]; (Han

Jiazeng); (Wei Pingzeng); and Wang Xianjin [director of the State Land Administration Bureau].

Economy in Special Zones Develops Steadily

OW2611134092 Beijing XINHUA in English
1228 GMT 26 Nov 92

[Text] Guangzhou, November 26 (XINHUA)—China's special economic zones steadily boost the economy after the central government put forward the theory of a socialist market economy.

According to Luo Mushen, director of the office in charge of special economic zones under the Guangdong Provincial Government, these special economic zones already have formed their unique superiority.

China has five special economic zones. Included are Shenzhen, Zhuhai and Shantou in Guangdong Province, Xiamen in Fujian Province and Hainan Province.

Luo noted that one of the superiority is that the conditions of the market mechanism of these special economic zones are gradually ripening.

As early as in 1980, the special economic zones began to adopt a market economy and positively introduce the market mechanism.

At present, the three special economic zones in Guangdong Province, which leads in the country's national reform and open policy, have established markets of production equipment and raw materials, banking, real estate trade, labor service, technology and information and worked out a series of regulations and management measures.

Shenzhen, China's leading special economic zone, has formed a multi-layer banking system with the People's Bank of China as the core and state professional banks as the frame with coexistence of foreign-invested banks and non-banking financial organizations.

The city has 570 banking agencies and offices, which play an important role in the establishment of the market of banking.

According to Luo, the special economic zones will continue to play an exemplary role in the procedure of building up and developing a socialist economy.

Another superiority of the special economic zones is their strong economic power, Luo noted.

The economic foundation of Shenzhen, Zhuhai and Shantou was very poor before they became special economic zones.

However, through a dozen years of construction, Shenzhen has developed into a modern industrial, commercial, trade and financial center.

The city's domestic product totalled 17.44 billion yuan (about 3.23 billion U.S. dollars) in 1991, and its export

volume amounted to 3.18 billion U.S. dollars, ranking second after Shanghai among major cities in the country.

The gross domestic product of Shenzhen, Zhuhai and Shantou reached 28.36 billion yuan (about 5.25 billion U.S. dollars) last year, accounting for one-sixth of the province's total, and their financial income was 3.3 billion yuan (about 600 million U.S. dollars), approaching one-fifth of the province's total, export volume climbed to 4.33 billion U.S. dollars, accounting for one third of the province's total.

The gross domestic product of the three special economic zones was up 30 percent over the corresponding period of last year, and their exports were up between 25 percent and 35 percent.

The three special economic zones have concluded 13,300 agreements on the use of foreign investment, using more than 5 billion U.S. dollars.

They also have accumulated a great deal of experience in importing funds and technology, management of foreign-funded enterprises and opening up international markets.

According to Luo, the geographical superiority of the special economic zones is incomparable.

Their adjacency to Hong Kong and Macao have made it convenient for people to come in and go out of the mainland, ship cargo and acquire information. They may better use the resources of other parts of the country and overseas and interface the two types of markets.

Rural Enterprises Developing 'Vigorously'

HK2611132992 Beijing RENMIN RIBAO in Chinese
12 Nov 92 p 1

[Dispatch by reporters Cao Zhaoqin (2580 3564 3830) and Xu Zhengzhong (6079 2973 0022): "China's Township and Town Enterprises Develop Vigorously; Their Output Value Amounts to 850 Billion Yuan"]

[Text] Beijing, 10 Nov (RENMIN RIBAO)—After topping 1 trillion yuan in output value for the first time last year, China's township and town enterprises continue to maintain the momentum of vigorous growth this year. Their output value was 850 billion yuan in the first three quarters of this year, an increase of 45 percent over the same period last year; sales also grew simultaneously with profits and taxes. The total output for the year is expected to reach 1.5 trillion yuan.

That is what the reporters have learned from the National Conference of Managers of Township and Town Enterprise Companies, which opens today.

According to a briefing, since the reform and opening up over 10 years ago, in line with the principles of independent development, independent operations, and being solely responsible for profits and losses, China's township and town enterprises have taken the market as the

guide and efficiency as the aim. By flexibly applying the operation mechanism and relying on self-accumulation, they have advanced by leaps and bounds for years running and become an important pillar of the Chinese economy. At present, the output value of township and town enterprises accounts for a quarter of the nation's total and 60 percent of the rural gross social output value; it amounts to one-third of the nation's industrial output value.

In recent years, in particular, China's township and town enterprises have markedly quickened the pace of developing the export-oriented economy. By the end of last year, some 65,000 township and town enterprises produced export commodities, earning over \$18 billion in foreign exchange that year. Of this, 3,500 enterprises had an annual export volume of over \$1 million, and 700 exported over \$5 million worth of commodities.

Last year, China's township and town enterprises set up 8,469 Sino-foreign joint ventures or cooperative enterprises, using \$5.4 billion in foreign capital. In the first half of this year, the township and town enterprises set up another 3,100 Sino-foreign joint ventures and cooperative enterprises, involving over \$1.5 billion in foreign investment.

The managers of township and town enterprise companies from all provinces, regions, municipalities, and cities with a separate listing in the state plan throughout the country attended the three-day meeting.

At the meeting, Ping Xin, manager of the China Township and Town Enterprise Corporation, called on township and town enterprise companies across the country to implement the spirit of the 14th party congress, seize the opportunity to do solid work, develop all-directional, high-level, and high-standard associations, improve a modern management system, do a good job in integrating the international and domestic markets, and establish and amplify a township and town enterprise circulation system.

Commentator Calls for Enhancing Agriculture

HK2911041292 Beijing NONGMIN RIBAO in Chinese
25 Nov 92 p 1

[Commentator's article: "Guided by Party's Basic Line, Enhance Foundation of Agriculture"]

[Text] Comrade Jiang Zemin pointed out in his report to the 14th CPC Congress: "To put it in a nutshell, the experience of the great practice over the past 14 years is to unswervingly upholding the basic line of building socialism with Chinese characteristics under the guidance of the party's basic line."

The key to unswervingly upholding the party's basic line lies in taking economic construction as the central task. To steadfastly take economic construction as the central task, it is necessary to enhance the foundation of agriculture and always put agricultural development in the

first place of economic construction. Agriculture is the foundation of economic development, social stability, and state independence. The peasant and rural issues have always been fundamental in Chinese revolution and construction. Without rural stability and comprehensive progress, there can be no overall social stability and comprehensive progress. Without the prosperity of the peasants, the comparatively well-off life of the people of the whole country will be out of the question. Without agricultural modernization, there can be no modernization of the national economy as a whole. Therefore, to adhere to the central task of economic construction, it is necessary to enhance the foundation of agriculture and always put agriculture in the first place of economic construction. Since the PRC's founding, there were repeated occurrences of agriculture hindering national economic development because of its weak foundation and of a lack of staying power. We should never forget these bitter lessons drawn by paying a huge price. The establishment of a socialist market economic system has created new opportunities for rural reform and development. It will inevitably bring about more profound and astonishing changes in China's rural areas. In the course of developing a socialist market economy at present, however, agriculture is in an unfavorable position in competition, and its efficiency is relatively low compared with that of industry, resulting in the phenomena of "regard industry as superior to agriculture" and "urban areas as superior to rural areas" in actual life. Since the beginning of this year, all localities across the country have joined the craze in developing new projects and establishing development zones. Party and government leaders and ordinary cadres have all been busy seeking capital and technology for the projects, presenting a momentum of accelerating the pace of reform, opening up, and modernization. Undoubtedly, this is correct. However, it is also true that leadership over agriculture has been weakened. The funds earmarked for agricultural development and purchasing farm produce are diverted to other fields, investment in agriculture has decreased, the number of agricultural projects is limited, and the practice of presenting IOU's is on the rise again. The prices of means of farm production have increased, the prices of farm produce have dropped, the "price scissors" have further widened, occupation of farmland has been serious, and land is left deserted in some localities. This tendency deserves great attention. While developing secondary and tertiary industries in the rural areas, we should never neglect the acceleration of agricultural development. We should ensure the steady and coordinated development of agriculture, secondary and tertiary industries, grain and cotton, and other farm and sideline products. Otherwise, we will have to pay for it. Comrade Xiaoping said that problems focused on agriculture may crop up in the 1990's. It is a historical inevitability that agriculture should face market competition, but the characteristics of agriculture determine that agriculture should be protected by the government. The idea which believes that "opening up" is the miraculous cure for all agricultural problems, and that other matters can be left unattended, is not realistic. We

should study ways to enhance the foundation of agriculture while developing a socialist market economy, firmly foster the idea that agriculture is the foundation of the national economy, and prevent agriculture from declining, which may affect development of the national economy as a whole.

To unswervingly uphold the party's basic line and enhance the foundation of agriculture, it is also necessary to integrate adherence to reform and opening with the upholding of the four cardinal principles. Reform and opening up can lead to a powerful country, and the four cardinal principles are fundamental to the building of the country. The two factors are united. We should not separate them or set one against the other. To enhance the foundation of agriculture in rural work, it is necessary to correctly handle relations between the two. In his report to the 14th CPC Congress, Comrade Jiang Zemin pointed out: "Chinese-style socialism has great vitality because it practices reform and opening up. Our reform and opening up have developed healthily because they are conducive to the consolidation and development of socialist reform and opening up. The purpose of

upholding the four cardinal principles and adhering to reform and opening up is to further emancipate and develop the productive forces." Comrade Jiang Zemin's brilliant expositions will be of great guiding significance to the broad ranks of rural cadres in China's countryside who are responsible for upholding and comprehensively implementing the party's basic line for a long time to come. So long as we can integrate reform and opening up with the four cardinal principles in practical rural work, comprehensively and accurately grasp the "one center, two basic points," unswervingly uphold the party's basic line, steadfastly put agriculture in the first place of economic construction, constantly enhance the foundation of agriculture, and vigorously explore effective ways to develop modern agriculture under the conditions of a market economy, no matter what storms we face in the future, we will certainly be able to rapidly develop the social productive forces in rural areas, constantly improve the material and cultural living standards of the peasants, continuously increase the overall rural economic strength, and create a brand new situation in China's agriculture and rural work.

East Region

Chang Jiang Valley Enjoys Economic Development

OW2811010392 Beijing BEIJING REVIEW in English
No. 47, 23-29 Nov 92 pp 4-6

[Text] Thanks to the state decisions to open Shanghai's Pudong Area and to build the immense Three Gorges Dam, economic development has accelerated, more overseas investment has been attracted, and new progress has been made in developing an export-oriented economy in the Yangtze River [Chang Jiang] Valley. Some experts say that economic prospects for the areas are promising.

Shanghai, which is called the "head of the giant dragon (Yangtze River)," witnessed a 14.2 percent increase in production from January to August, thus ending a decade-long annual growth rate of 5 percent.

Local economists say that Shanghai's economy has entered a fast-growth period following a difficult uphill interval. Overseas investment in China's largest city amounted to US\$1.93 billion in the first eight months of this year, equal to the total for the previous 12 years. The Pudong new area itself registered a 23.6 percent growth.

Wuhan, capital of Hubei Province and the largest city in Central China, has put forward a strategic plan for development. The plan includes building a motor vehicle manufacturing area, metallurgical town, a hi-tech area and a commercial and financial centre, as well as expanding the international airport and the Wuhan Yangtze Harbour and setting up three development zones.

In addition to Shanghai and Wuhan, four major cities along the Yangtze River, Wuhu, Jiujiang, Yueyang and Chongqing, have opened their ports to overseas vessels, business and investors.

At present, ports along the Yangtze River, the longest in China, have established business ties with over 100 ports in 40 countries and regions.

Localities along the river valley have accelerated the development of energy resources, raw materials, transport, telecommunications and other infrastructure. Anhui Province, for example, plans to invest billions of yuan in 100 projects over the next four years, while Jiangsu and Shanghai have adopted similar measures to overcome the shortage of raw materials and energy supplies.

Wuhan City has invested 100 million yuan in the construction of another Yangtze bridge and international airport since last year. The capacity of the city's programme-control telephone network will increase from 120,000 to 400,000 lines in four years.

Jiujiang City in Jiangxi Province has started construction of a 1-billion-yuan chemical fertilizer plant and a 1.7-billion-yuan power generator-this year.

At the same time, six Yangtze bridges are under preparation or construction, including the above mentioned Wuhan bridge, and others in Huangshi, Jiujiang, Tangling and Wuhu cities. The Hefei-Jiujiang railway, is being built and the 345-km Yichang-Huangshi expressway is expected to open to traffic in 1995.

As Shanghai began to issue stock worth 6 billion yuan in the first half of this year, financial activities in other cities along the river have also boomed. A network consisting of 34 banks in 28 cities has concluded 60 billion yuan in interbank loans in one year, greatly alleviating the money shortage.

The volume of good transported along the Yangtze River, known as the "golden waterway of China," has also increased by 10 million tons a year.

According to incomplete statistics, more than 100 berths have been built along the Yangtze. More than 40 of these have the capacity to accommodate 5,000-ton-class ships, and some accommodate 10,000-ton ships. Handling-capacity has increased by more than 30 million tons.

The state recently has decided to invest more than 19 billion yuan (about US\$3.4 billion), in the Yangtze River system to upgrade management, dredge waterways and improve other facilities. Twenty-four tributaries will also be developed by stages.

These improvements in the Yangtze River Valley have become an attraction to overseas investors.

In Jiangsu Province more than 1,000 foreign-funded enterprises were begun last year. Shanghai approved 360 such firms, a record for the past 12 years.

The Pudong Development Zone has become the most prominent magnet for domestic and foreign investment. Several provinces including Anhui, Jiangxi, Jiangsu and Hubei have rushed to Pudong to establish over 5,000 enterprises, about half of which have been incorporated in the past two years.

Some development zones have opened special blocks catering to Taiwan businesses, Hong Kong investors and other overseas Chinese.

Six areas along the Yangtze River Valley have been chosen by the state for comprehensive development. These include the Wujiang hydro-power and mineral resource development zone in the upper reaches of the river; the industrial and agricultural development zone from Chongqing to Yichang; the development area along the middle reaches of the river centred in Wuhan; and Shanghai-Nanjing development area along the lower reaches of the Yangtze.

Anhui Congress Standing Committee Notice No. 32

*OW2911095092 Hefei ANHUI RIBAO in Chinese 18
Nov 92 p 2*

[Notice No. 32 from the Anhui Provincial People's Congress Standing Committee]

[Text] The "Measures by Anhui for Implementing the 'PRC Law Governing Deputies to the National People's Congress and Local People's Congresses'" have been approved by the 33d session of the Seventh Anhui People's Congress Standing Committee on 24 October 1992. The measures are hereby announced. They will become effective 1 January 1993.

[Signed] Anhui Provincial People's Congress Standing Committee

[Dated] 24 October 1992

Jiangsu's Changshu 'Going Ahead' With Development

*OW2811002292 Beijing XINHUA in English 1520
GMT 27 Nov 92*

[Text] Beijing, November 27 (XINHUA)—Changshu city in east China's Jiangsu Province is going ahead with the all-round construction of its economic, technical development area. Acting Mayor Tang Weixuan said at an economic and trade meeting his city held at the Great Hall of the People here today.

Located in the economically developed Yangtze Delta, the city has been listed fifth in the rankings of the 100 outstanding counties or cities across China in terms of output value, according to a recent national survey.

It borders on Shanghai to the east and Suzhou in the south, and looks out on Nantong, another open city, across the Yangtze.

The city had designated an economic and technical development area. With a planned area of some 80 sq km, it consists of two parts. The urban area, 24 sq km, is to be rebuilt with modern facilities and the high tech industries, which are pollution-free and export-oriented. It will be equipped with commerce, finance and information services, plus recreational and administrative establishments.

Construction on 88 projects with a total investment of 400 million U.S. dollars has started, including 34 foreign funded projects involving a committed investment of 112 million U.S. dollars.

The other part of the development area is by the Yangtze. It will concentrate on the construction of heavy and chemical industries and docks.

The acting mayor also gave a briefing on the development of the city's commerce and tourism. The existing business market will be enlarged and expanded into a new, modern commercial center for the garment trade,

knit wear and other textile and light industrial goods. Its business volume is expected to reach some 2 billion yuan (360 million U.S. dollars) this year.

On the city's infrastructure, he said the first 300,000 kilowatts generating unit of the Changshu Power Plant, one of China's key energy projects, goes into operation at the end of this month.

The local economy has been prospering both in the urban and rural areas since the reform and opening process commenced 14 years ago. He noted that industrial and agricultural output value amounted to 13.2 billion yuan last year, and was expected to reach 23 billion yuan this year.

The city has also made a breakthrough in its export-oriented economy. To date it has more than 600 foreign-funded enterprises with a committed investment of 600 million U.S. dollars, and has set up 20 firms overseas.

The Changshu party secretary, Jiang Hao, also spoke at the meeting. He asked foreigners present to introduce more investors to his city or help it do business and set up enterprises overseas.

Sun Qimeng, vice-chairman of the Standing Committee of the National People's Congress, and Wu Wenying, minister of the textile industry, were among the 300 Chinese and foreigners at the meeting.

Jiangsu's Lianyungang Prepares for 'New Role'

*OW2811112692 Beijing XINHUA in English 0756
GMT 28 Nov 92*

[Text] Nanjing, November 28 (XINHUA)—Lianyungang, a port city in east China's Jiangsu Province, has been busy with various kinds of construction to prepare for its "new role" following the operation of the new Eurasian continental bridge scheduled on December 1.

The operation of the new Eurasian continental bridge, which will make it possible to reduce transport distance, time and expense from Asia to Europe by one third compared to marine transport, will make the city the "oriental bridgehead" and a hub for international transport.

According to local officials, from 1971 to 1991, the city invested about 6.7 billion yuan in construction of basic facilities and saw remarkable improvements in ports, railways, highways, electrical power facilities, airports and telecommunication facilities.

However, the officials said greater efforts should also be made in improving infrastructure so as to meet the demands after the operation of the new Eurasian continental bridge. For raising more funds for construction of basic facilities, for instance, in last July, chief leaders of the city government and local party committee all toured Guangdong and Shandong to learn experience.

This year, the city raised 70 million yuan for the extension of the existing airport in the city. When the extension is completed, the new airport will be able to receive passenger planes of various kinds, local officials said.

While acting as a good window for inland areas in the nationwide opening drive, the city has also made great efforts to speed up its pace of development and opening, and strengthen cooperation with foreign countries, especially with the Republic of Korea, Japan and countries and regions in Southeast Asia.

In this year alone, the city approved the establishment of over 200 foreign-funded firms, surpassing the total of the past eight years.

Meanwhile, many firms of the countries and regions in Southeast Asia have come to set up their representative offices in the city, the officials added.

Foreign Investment in Jiangxi Rises

HK2911044592 Beijing ZHONGGUO XINWEN SHE
in English 0403 GMT 28 Nov 92

[Text] Nanchang, November 28 (CNS)—Foreign investment in Jiangxi Province has been growing rapidly since the beginning of this year. As of the end of last September, 562 foreign-funded items had been newly approved this year with contracted foreign funds of U.S.\$336 million, respective growths of 2.5 times and 2.6 times compared with the same period last year. The number of newly approved three type foreign-funded enterprises was 512, a four-fold growth over last year and surpassing the total of the previous ten years. The amount of contracted foreign capital was U.S.\$294 million and actual utilization was U.S.\$108 million, respective increases of 9.2 times and 39 percent over last year.

The provincial government recently conducted a survey of foreign investment in the province in order to promote the utilization of foreign capital. The survey was conducted by the provincial Department of Foreign Economic Relations and Trade with the participation of 50 provincial government entities. The results of the survey have led to the putting forward of suggestions for improving the work on utilization of foreign capital, thus laying the ground for the surge of foreign investment in the province next year.

Shandong Secretary Attends Ceremony for Disabled

SK2811085092 Jinan Shandong People's Radio
Network in Mandarin 2300 GMT 27 Nov 92

[Excerpts] The provincial meeting to commend advanced collectives and individuals for helping disabled people and to commend advanced disabled individuals was ceremoniously held at Dongjiao Hotel in Jinan on 27 November. Provincial leading comrades Jiang Chunyun, Zhao Zhihao, Gao Changli, Ma Zhongcai, Tan Qilong, Liu Peng, Lu Hong, Zhang Ruifeng, and Lu Maozeng, and leading comrades of the

Jinan Military Region and the provincial military district including Lin Jigui and Zheng Guangchen, and (Wang Yunzhao), executive vice chairman of the Mass Work Department of the Chinese Federation for the Disabled, attended the commendatory meeting. [passage omitted]

After the meeting, leaders attending the meeting and some delegates travelled to the foot of (Qinglong Shan) in Jinan to participate in a foundation stone laying ceremony for the construction of the Shandong Provincial Health Recovery Vocational Secondary Specialized School. [passage omitted]

Hails Wholesale Markets

SK2911054192 Jinan Shandong People's Radio
Network in Mandarin 2300 GMT 28 Nov 92

[Text] The meeting to mark the establishment of the Shandong Provincial Commercial Group Company, the Cereal and Oils Group Company, the Industrial and Commercial Group Company and the Petroleum Group Joint-Stock Company, Limited, as well as the Shandong Provincial Grain Wholesale Market and the Cotton Wholesale Market was ceremoniously held in Jinan on 28 November.

In line with the reform objective explicitly defined at the 14th CPC Congress on building the socialist market economic system, the provincial party committee and the provincial government have decided to select some specialized economic management departments from the circulation sphere and turn them into economic entities. The establishment of the four major group companies and the two major wholesale markets is an important move of our province in deeply implementing the guidelines of the 14th CPC Congress, striving to realize the major tasks in 10 aspects that affect the overall situation and accelerating the building of the socialist market economic system.

Jiang Chunyun, secretary of the provincial party committee, and Zhao Zhihao, deputy secretary of the provincial party committee and provincial governor, sent a congratulatory letter to the meeting.

The congratulatory letter reads: The establishment of the four major group companies and the two major wholesale markets will play a positive and stimulating role in accelerating our province's pace in organizational reform and in building a new operational mechanism that suits the development of the socialist market economy. The establishment of the companies will have great significance in deepening reform and promoting economic invigoration and development in the whole province. It is hoped that the four major group companies and the two major wholesale markets will unceasingly emancipate minds in the course of reform, make progress every day, further improve internal mechanisms, accelerate the change of ideology and concepts as well as the management functions, give full play to the advantages of group management, strive to open up

domestic and foreign markets, organize major circulation of goods, build big markets, develop big business, and play a greater role in developing our province's tertiary industry and in comprehensively invigorating the economy.

Leading comrades of the province and of Jinan Military Region, including Gao Changli, Ma Zhongcai, Liang Buting, Li Zhen, Li Zichao, Tan Fude, Liu Peng, Liu Zhongqian, Lu Hong, Wang Shufang, Ma Shizhong, Guo Changcai, Lu Maozeng, and Dong Xuelin attended the meeting to mark the inauguration of these group companies and wholesale markets.

Central-South Region

Guangdong Market Mechanism Speeds Construction

OW2811125592 Beijing XINHUA in English 0928
GMT 28 Nov 92

[Text] Guangzhou, November 28 (XINHUA)—South China's Guangdong Province employs market mechanism and raises funds through various channels to improve infrastructural facilities so as to catch up with its rapid economic development.

According to Wang Dingchang, a chief economist of the provincial planning committee, Guangdong spent more than 90 billion yuan (about 16 billion U.S. dollars) on building energy development, communication and telecommunication projects as well as iron and steel and cement industries.

Since 1978, Guangdong has built 3,100-kilometer long highways and 1,748 highway bridges bringing the total highway length in the province to 55,300 kilometers. At present, 99 percent of the towns and 85 percent of the villages are linked with highways.

Guangdong Province has completed double-tracking of the Hengyang-Guangzhou and the Guangzhou-Shenzhen railways and construction of the 357-kilometer long Sanshui-Maoming railway thus adding 36 percent of the railway transport capacity.

In addition, the province has built 109 berths along its coastal areas. Included are 33 berths each able to accommodate ships with 10,000 dead weight tonnages. Guangdong's port handling capacity has expanded from 44 million tons a year to 78 million tons at present.

The past 14 years saw the urban and rural telephone exchange capacity increase from 210,000 lines to 2.18 million lines, and the long distance telephone capacity expand from 726 lines to 27,000 lines. The province's power generating capacity went up from 2.58 million kilowatts to 9.55 million kilowatts.

According to Wang, Guangdong's infrastructural facilities were very poor. It had fewer bridges across its criss-cross network of rivers and motor vehicles had to form a long line at ferries.

Cities were always crowded with traffic jams and it took hours to make a phone call. Many industrial enterprises have to work only three days a week because of power shortage.

To speed up infrastructural construction, Guangdong first reformed the system of the highly-centralized investment program. It encouraged localities, state and collective organizations and private businesses to make investment in this field while borrowing funds at home and abroad, issuing bonds and raising funds through various channels.

Meanwhile, Guangdong followed the law of value and the relations between market supply and demand, employed market mechanism and set up special funds for energy development, communications and telecommunications, regulated the prices for electricity, transport and telephone installment to expand investment.

Through years of efforts, Guangdong has developed a way to improve power, communication and telecommunication facilities through self-accumulation and self-development.

One example is Guangdong Province's financial departments, which began to return the income tax from power to the power departments to serve as special funds for construction of power projects.

At the same time, they increased the prices for electricity, charged construction of power sources and issued bonds for building power projects and used foreign funds for power development.

According to statistics, the province spends 2.4 billion yuan (about 429 million U.S. dollars) on construction of power projects this year.

The provincial communication departments are able to retrieve 1.6 billion yuan (about 286 million U.S. dollars) a year for constructing new highways and bridges.

The postal and telecommunication departments have collected four billion yuan (about 714 million U.S. dollars) from telephone installment and other services since 1980.

Wang noted that Guangdong Province's gross domestic product has increased at a speed of 12.6 percent a year for 13 years running. However, its transport facilities, especially the shortage of railway transport capacity, still limit the local economic development.

Wang said the province will further improve the infrastructural facilities to suit the provincial economic development.

Hainan Paper on 'Small Government, Big Society'
HK2911031692 Haikou HAINAN RIBAO in Chinese 17
Nov 92 p 7

[Article by Wang Heping (3769 0735 1627): "Perfect the 'Small Government, Big Society' System as Quickly as Possible"]

[Text] The 14th CPC National Congress report points out: In the 1990's, we must be determined to carry out administrative management system and organizational reform, truly transform functions, straighten out relationships, streamline administration, and increase efficiency. Since the founding of Hainan Province and the establishment of our special administrative zone, we have boldly experimented in our administrative management system and organizational reform. The main symbol for this is that we have established a new system of "small government, big society" (xiao zheng fu da she hui 1420 2398 1650 1129 4357 2585). More than four years have elapsed. When we review what has been done, we find that the new system is not only scientific, but also remarkably effective in its actual operation. However, we should also realize that due to various reasons there are still many problems in this system. For example, the progress of the work of transforming government functions is uneven, and some tasks have not yet been fulfilled. Our "small government" is facing an expansionist tendency. The stagnation of the reform in our cadre and personnel system does not conform with the demand of the "small government, big society" system. The system of job responsibility in government organs has not yet been perfected, and the situation of disputing over trifles in work and low administrative efficiency is rather serious. Our macroscopic rule and regulation, supervision, and coordination are not powerful enough. All this has caused chaos in certain economic spheres. Our "small government, big society" system has not been closely linked with the relevant departments of the central government, and the administrative management system and organs in various cities and counties in our province. In front of these existing problems, we must make a scientific analysis and perfect the system as quickly as possible through deepening our reform to further promote opening up and development of our Hainan Special Economic Zone [SEZ].

1. We must continue to transform our government functions and increase our government's ability in carrying out macroscopic regulation and control.

The emphasis of transforming our government functions must be placed on transforming its economic functions. The key lies in transforming the government's role as a decisionmaker and commander of enterprises' production and operations under the product and planned economic system, into a macroscopic regulator and controller of the social economic activities under the commodity and market economic system. Our purpose in continuing to transform our government functions is: First, we must expand the scope of self-management, and increase the government's ability in this regard. Second,

we must strengthen the capability of the "small government" in macroscopic regulation and control. The basic requirements are that production, supplies, marketing, manpower, and financial and material resources of enterprises are regulated by market mechanisms. The government applies economic levers such as planning, finance, prices, taxes, and credits to exercise its indirect control and regulation. The government must remove obstacles to the establishment and growth of market, and market of elements of production in particular. It must also provide legal and administrative guarantees for the establishment and improvement of market. With regard to the disposition of resources and the flow and combination of enterprise assets, they must all be regulated by market mechanisms. As for increment and production increases, including utilization of foreign capital, they are guided or checked upon by the government in accordance with production policy and production development plans.

Regarding strengthening the government's macroscopic capability, the government must comprehensively make use of various economic means to regulate total supply and demand of the society, and maintain, in principle, balance of financial revenue and expenditure. Through formulating and implementing production policy, the government must ensure the rational and effective disposition of resources, and promote hyper development of the key undertakings (such as tourism), and their rational regional distribution. In the meantime, through formulating and implementing plans for infrastructure, the government must ensure proper development of undertakings such as energy, transportation, communications, education, sciences, culture, and public health to meet the increasing demand of the economy for infrastructure. The government must organize the study, formulation, and implementation of the strategies for economic, scientific, technological, and social development, and the corresponding laws and regulations (such as economic organizational laws and regulations, economic operational laws and regulations, and economic management laws and regulations) to ensure the fine operation of the "big society."

2. It is necessary to speed up the reform in cadre and personnel system to establish and promote a civil service system in the Hainan SEZ.

The reform in our province's present cadre and personnel system has lagged behind the essential demand of the "small government, big society" system. We must speed up the reform in this regard. The reform's focal point lies in establishing and promoting the civil service system in the Hainan SEZ. The establishment of this system is of great significance to perfecting the "small government, big society" system. The 14th CPC National Congress report stresses that we must pursue civil service system of the state as early as possible. Hainan must fully use various favorable conditions to strive to take the lead in the whole country in establishing a provincial-level civil service system.

It is necessary to straighten out relations of "small government, big society" at both upper and lower levels to speed up reforms in the administrative management system and the organizational system in Hainan's cities and counties.

Regarding relations between the "small government" and the relevant central government departments, we must actively take the initiative in doing more work to strive for more support from the higher authorities. Regarding relations between the "small government" and various cities and counties in our province, since the administrative management system and organs in various cities and counties basically are still following the traditional management pattern, it is necessary to speed up reform in the administrative management system, and organizational reform in cities and counties. The basic ideas of such reform include first, transforming the functions of city and county governments with the emphasis on forming and developing their functions in serving market economy; second, streamlining administrative structure and reducing staffs to increase the administrative efficiency and results of the government; and third, further delegating decisionmaking power. The provincial government must delegate decisionmaking power to various cities and counties, and various cities and counties must also delegate decisionmaking power to various townships and towns.

'Violent Feud' in Henan Capital Over Water Supply

OW3011084692 Tokyo KYODO in English 0756 GMT 30 Nov 92

[Text] Beijing, Nov. 30 KYODO—Some 300,000 people in central China had their water supply cut for 30 hours last week after a violent feud between township officials and a local water company which left two workers hospitalized, an official newspaper reported Monday.

Around one-third of all districts in Zhengzhou, the capital of Henan Province, were without water from mid-afternoon Thursday [26 November] to noon Saturday because of the dispute, the WORKERS DAILY [GONGREN RIBAO] said.

The problem began in mid-November when the water company said it could spare neither the manpower nor the resources to help in a Huayuan town project to dredge 13 kilometers of the Jialu River, the newspaper said.

Township officials had demanded the company supply workers or pay 70,000 yuan (about 12,280 dollars) toward the cost of the project, it said.

On November 21, Huayuan Communist Party Secretary Zhang Chunyang wrote to the factory's director Li Li threatening punitive measures if his company did not cooperate within two days.

When Li failed to oblige, Zhang rounded up a posse of some 60 men including local police and 14 village heads who decided to storm the factory November 26, the WORKERS DAILY said.

The paper said Zhang and his men "stole" three company cars and beat up more than 10 water company employees, two of whom had to be taken to the hospital.

The remaining company employees fled the scene and refused to recommence work until their safety could be guaranteed, it said.

Water services were only resumed after personal intervention of Zhengzhou Mayor Zhang Shiyang who visited the injured men in the hospital, it said.

Enterprises Robbed, Staff Beaten

OW301112292 Beijing XINHUA Domestic Service in Chinese 0828 GMT 30 Nov 92

[By XINHUA reporter Gu Lilin (7357 4539 2651) and GONGREN RIBAO reporter Han Jiyong (7281 4949 0645)]

[Text] An unbelievably strange incident happened in Zhengzhou on 26 November: The township government demanded apportioning, and enterprises were unable to meet the demand. The township sent its men to rob the enterprise of its cars and beat up its staff and workers, resulting in nearly 300,000 people having no water to drink for 28 hours.

Because the peasants of Zhengzhou's Huayuankou Township in Mangshan District found it beyond their power to dredge a 13 km-long section of the Jialu River and strengthen the dike along the section of the river assigned by the Zhengzhou government in early November when it mobilized all quarters to harness the river, the Zhengzhou city government mobilized the enterprises in the area under its jurisdiction to share a portion of the task. The Zhengzhou water works was tasked to dredge an 800 meter-long section of the river and required to send its workers within the specified time. If it was unable to send its labor force, it was supposed to pay 70,000 yuan to the township government to hire workers to dredge the river course. The water works said it was beyond its power to undertake the task because it had only 224 staff and workers who must fulfill the task of supplying water to 400,000 people in the whole city. Furthermore, the water works said, it is only a second-degree organization of the water company and is not authorized to hire workers; therefore, it said, it lacked the manpower and financial resources to undertake such a heavy task. On the afternoon of 21 November, the Huayuankou Township Party Committee secretary issued a notice to Li Li, director of the water works: "The task assigned to the works has already been decided. Be sure to organize workers to report to duty on Monday; otherwise, the township will take coercive measures."

Water works director Li Li was greatly embarrassed. After receiving the notice, he reported to the department responsible for the work at a higher level. Zhang Liying, assistant manager of the water company, accompanied by leading cadres of the public utilities bureau, paid a visit to the Huayuankou Township government to coordinate settlement of the dispute. He explained the enterprise's situation, saying that the company had already been tasked to use explosives to blow up the second and third dikes along the Jialu River and expressed the hope that the township would refrain from assigning apportioning the task to the water works. Township Magistrate Mao Fazheng replied: I only take orders from the Mangshan District government, not from the city government. The company reported to the city government. On 26 November, Secretary General Zhang of the city government wrote his instructions on the report: "Mangshan District is requested to exempt the water works from the dredging assignment." Immediately after receipt of the written instructions from the city government, the leading cadre of the Mangshan District phoned the township in the afternoon but was unable to get in touch with them because it was busy organizing a force to "go on a punitive expedition" against the water works.

At around 1520 on 26 November, the township head, deputy head, and party committee secretary led 50 to 60 people and moved toward the water works in police cars, sedans, and jeeps. They rushed through the main gate, but were persuaded to stop by Wang Heming, the water works vehicle controller, and Li Lin, a trade union chairman. However, these two were then beaten and injured (Li Lin was admitted to the Henan Chinese Medical Hospital). Later on, 10 more people were beaten and injured. Upon hearing that their township head and township party committee secretary had beaten people in broad daylight, workers and staff members of the water works came forward to stop further beatings. However, Mao Fazheng and Zhang Chunyang repeatedly threatened the workers and staff members by saying: "Anybody who dares interfere will be dragged away." These two people [Mao and Zhang] then drove away two bakery trucks parked in the water works and a car used to carry cargo and passengers.

The incident happened during shift change at the water works. Workers and staff members, frightened when they saw what had happened, turned off their machines and left their posts. This effectively disconnected the water supply of one third of Zhengzhou.

That night Li Shengsheng, Zhengzhou vice mayor who is also in charge of urban construction, rushed to the water works, where workers and staff members demanded that the assailants be severely punished and that the workers and staff members have their safety guaranteed. Vice Mayor Li asked the township government to return the vehicles and then he left the site. The workers, who remained unconvinced, refused to switch on the machines and resume water supply.

By the morning of 27 November, workers and staff members at the water works still believed the problem had not been solved. More than 100 of them took the initiative to visit the city government. They demanded a meeting with the city party committee secretary and city mayor, but their demand was not met. After efforts by leaders of the public utilities bureau and the water works, the workers and staff members finally returned to the water works and water supply was resumed when they turned some of the machines back on at 2000. By then water supply had been cut off for 28 hours. Mayor Zhang Shiyang attached great importance to the incident when he heard about it on the night of 27 November. He asked the water works to try its best to resume water supplies. The supply returned to normal at noon on 28 November.

On the morning of 28 November, Liu Xinmin, deputy secretary of the city party committee, formed a special investigation group. The incident is currently being investigated and dealt with.

Hunan Governor on Converting Operational Mechanisms

HK2811072792 Changsha Hunan People's Radio Network in Mandarin 2300 GMT 21 Nov 92

[Text] Yesterday afternoon, the provincial government called a provincewide work teleconference on converting enterprises' operational mechanisms at which Governor Chen Bangzhu demanded that all levels and departments take the enforcement of rules and regulations as one of the main tasks of implementing the 14th CPC Congress' spirit, and further grasp well these rules and regulations. Party and government comrades-in-charge at all levels are to concentrate their energy on converting enterprises' operational mechanisms and really take the implementation of rules and regulations as a central task.

The conference believed that in the earlier period, most of the localities across the province had attached importance to the enforcement of rules and regulations. But development has been imbalanced. Therefore, the provincial government called this teleconference to make specific plans as follows:

1. Party and government departments at all levels, departments responsible for economic coordination, and those in charge of special professions must fully concede the powers that should be conceded to enterprises in a way that powers should be given to enterprises in one stroke and within the designated period.
2. All enterprises must further emancipate minds, change concepts, stop the practices of waiting for and relying on instructions from upper levels, and as quickly as possible connect themselves up with the market.
3. Actively push for reform in assets management and explore the practical situation in the public-ownership economy.
4. Strengthen inspection and supervision with a view to ensuring that enterprises have the decisionmaking powers for operations.
- And, 5. The implementation of rules and regulations must be done in such a way that it

will promote the work in hand and have a practical effect in raising efficiency and expediting development.

Yesterday's teleconference was presided over by Vice Governor Wang Xiaofeng. Provincial party and government leaders Li Tiangeng, Zhou Zheng, and others participated in the teleconference.

Xiangtan and Zhuzhou cities, the provincial material supply department, Xiangtan Textile and Dyeing Factory, and (Xinghua) Cement Plant briefed the conference on the status of their efforts to implement rules and regulations and expedite the conversion of enterprises' operation mechanisms.

Southwest Region

Guizhou Secretary Helps Solve County's Problems

HK2811080592 Guiyang Guizhou People's Radio
Network in Mandarin 2300 GMT 25 Nov 92

[Text] Yesterday morning, provincial party and government leaders Liu Zhengwei and Zhang Shukui led responsible persons from provincial financial, tax, and transportation departments to visit Qingzhen to find out about its situation, and help it solve specific problems.

In early November this year, the State Council officially approved the decision to upgrade Qingzhen County to a city. This has injected a new vigor and vitality into its social and economic development. After listening to reports by Qingzhen leaders, Liu Zhengwei and Zhang Shukui pointed out: Qingzhen must seize on the present favorable opportunity of upgrading itself to a city, and take the 14th CPC National Congress' spirit as a guideline to further speed up its economic development. It must give full play to its geographical strong point of being near to the provincial capital, and rely on medium and large enterprises around it to develop tourism, and flexibly raise funds through various channels. It must deal with concrete matters in urban construction instead of making a terrific din. In the course of promoting construction, the key lies in grasping well tertiary industry, and speeding up structural reform. The government must transform its functions, and provide more services.

XINHUA Views 'Sunday Market' in Lhasa

OW2811120792 Beijing XINHUA in English 0827
GMT 28 Nov 92

[Text] Lhasa, November 28 (XINHUA)—Government officials, teachers and public employees in Tibet are now able to try their hands at business since the local government opened a "Sunday market" in Lhasa, the capital of the autonomous region.

Busily serving her clients with food at the "Sunday market", a young woman named He Xiaohong said, "I work for the regional meteorological bureau. This is the

first day for me and my husband to try this new experience. I just want to see if I can do business or not."

At the cultural corner of the market Jia Meiyang, woman teacher from the Tibet Normal College, is busily engaged in selling second-hand magazines she has collected.

She said, "as a teacher, I used to confine myself to the classroom. Now I want to take this opportunity of coming into contact with society." she sold half her stock in the morning.

Just like the "Sunday markets" in other cities and provinces in China, the Lhasa "Sunday market" provides a chance and place for green hands to practice before deciding whether to devote themselves to business or not.

North Region

Beijing Lifts Price Controls on Foods

OW3011102092 Beijing XINHUA in English 0946
GMT 30 Nov 92

[Text] Beijing, November 30 (XINHUA)—The municipal government of Beijing has decided to lift its control over the purchasing and selling prices of eggs, vegetables and meats starting from December 1 this year.

The move was taken to reduce the burden of the municipal government and facilitate the adaptation of production and marketing enterprises to a socialist market economy.

According to the municipal government officials, the move is expected to cut the government subsidies by about one billion yuan a year. At the same time, it will stimulate production and marketing enterprises to end their dependence on the government and enter the market to participate in competition.

In the past, such foodstuffs were marketed by the government with the purchasing prices being higher than the selling prices. As a result, the production enterprises totally looked to the government to buy their products and the government had to set aside massive amount of money to subsidize the purchasing and selling operations.

With the lifting of the price control, all the coupons for rationed supply will be abolished.

To cushion the expected price rise effect on ordinary consumers, the municipal government decided to put into the envelopes of each wage earner and student of higher learning an additional amount of 12 yuan as subsidies.

The city will also set up agricultural production fund, a market risk fund and reserve fund to prepare against any possible adverse effect of natural disasters and unexpected sudden changes in the market.

The municipal government will also free the prices of feed for poultry and pigs sold to farmers. The production units and supplying units will no longer be bound up by administrative contracts but by economic contracts to be signed on the voluntary basis.

Hebei Woman Cadre Peng Qing Dies 14 Nov

SK3011062092 Shijiazhuang HEBEI RIBAO in Chinese 18 Nov 92 p 1

[Text] Comrade Peng Qing, an outstanding CPC member, a faithful communist fighter, an outstanding leading woman cadre, vice chairman of the Fifth Hebei Provincial People's Congress Standing Committee, and deputy secretary of the Hebei Provincial Discipline Inspection Commission, died of illness at the age of 77 years at 2015 on 14 November.

Comrade Peng Qing was born in Boye County, Hebei Province. She joined the CPC in September 1937 and started to engage in the revolutionary work in August 1937.

Hi-Tech Used in Inner Mongolia Livestock Husbandry

OW2811123292 Beijing XINHUA in English 0912 GMT 28 Nov 92

[Text] Hohhot, November 28 (XINHUA)—The Inner Mongolia Autonomous Region, the biggest livestock husbandry base in China, pays attention to adopting high technology in raising livestock.

An extension station for new livestock husbandry technology, which was built in 1991, has succeeded in impregnating sheep and cows by using embryonic transplantation technology, achieving a gestation rate of 56 percent. They also plan to fine breed millions of local Mongolian sheep in a large pasture within five years.

Scientists in the station also spread applied technology of artificial insemination and freeze-semen. Cow gestation rate of freeze-dried semen is up to 77 percent in heat periods and that for sheep 67 percent.

Tianjin Secretary Attends Center Inauguration

SK2911071892 Tianjin People's Radio in Mandarin 2300 GMT 28 Nov 92

[Excerpts] On the morning of 28 November, the Tianjin Municipal Senior Citizens Activity Center, which is a paradise for 1 million old people in the municipality, was inaugurated and formally opened to the public.

Leaders of the municipal party, government and army organs, including Tan Shaowen, Nie Bichu, Zhang Lichang, Li Jianguo, Zhang Zaiwang, Yang Huijie, Yang Zhihua, and Chen Deyi, and Construction Vice Minister Li Zhendong attended the ceremony marking the completion and inauguration of the senior citizens activity center. [passage omitted]

Municipal leading Comrades Lu Xuezheng, Shi Jian, Zhang Haosheng, Gao Yan, Xie Shaoyi, Wu Yongchang, Han Enjia, Hu Xiaohuai, Fang Fang, (He Yuanpeng), and (Shan Zhijian), and veteran comrades Liu Gang, Lu Da, Li Shusen, (Wu Zhenyu), Tan Songping, Bai Hua, Zhao Jun, Xu Ming, Zhou Ru, (Wang Yihua), and Huang Yanzhi attended the ceremony to mark the completion and inauguration of the senior citizens center.

Northeast Region

Heilongjiang Speeds Up High-Tech Development Zone

OW3011034692 Beijing XINHUA in English 0221 GMT 30 Nov 92

[Text] Harbin, November 30 (XINHUA)—The Daqing high-tech development zone in northeast China's Heilongjiang Province was given the go-ahead by the State Council in last April, and construction is now going ahead apace.

Yu Changchun, manager of the general construction and development company of the zone, said that the zone will be divided into financial, telecommunications, oil products sales, real estate development and heating systems.

Companies in the zone have held talks with businessmen from the United States, Japan, Australia, Singapore, the Republic of Korea, Taiwan and Hong Kong on cooperation.

Wang Qiang, head of the administration committee of the zone, said that 70 enterprises have been established there, among which 26 are overseas-funded.

With a total investment of 334 million yuan (about 60.7 million U.S. dollars), these enterprises cover such fields as chemical industry, bioengineering, electronics and information. Moreover, the zone has signed 104 agreements with overseas businessmen.

Enterprises in the region have also joined hands with domestic universities and scientific research institutions to set up some research centers and establish enterprise groups.

So far as its advantages concerned [as received], the zone is supported by the Daqing Oilfield—the biggest in the country, and has convenient transportation and basic facilities.

Heilongjiang Holds Forum on Grain Marketing

SK3011044492 Harbin Heilongjiang People's Radio Network in Mandarin 2200 GMT 29 Nov 92

[Text] At a forum on the current rural situation that was held a few days ago, Vice Governor Sun Kuiwen pointed out that helping the peasants market grain is a task of the most importance to the rural work. The fixed grain purchasing quota of 1992 is reduced by more than 1 billion kg. If the amounts of grain eaten by the peasants

themselves and the fixed purchasing quota are deducted, there will be 4.5 billion kg of grain left in the hands of the peasants, about 2 times the figure of last year. When cash crops and mountain products are involved, nearly 10 billion yuan worth of farm and sideline products will be put to markets. Conditioned by some subjective and objective factors, such as shortage of transportation forces and insufficient organization, some localities still have prominent difficulties in marketing grain.

At the forum, Vice Governor Sun Kuiwen said: The rural market system has set forth many new requirements for the rural production work. What is more important is that we should encourage the people, particularly the cadres, to change their ideas. This guarantees transition to the market economy.

Liaoning Steel Plant Made 'Extra-Large Enterprise'

OW2811002492 Beijing XINHUA in English 1011 GMT 27 Nov 92

[Text] Shenyang, November 27 (XINHUA)—The Anshan Iron and Steel Plant, which is located in north-east China's Liaoning Province, recently was approved by the Economic and Trade Office of the State Council and other ministries to be an extra-large enterprise in the country.

Being China's largest iron and steel industrial base with a history of more than 70 years, Anshan plant has more than 390,000 employees, and over 130 subordinate units.

Since the founding of the people's republic in 1949, the steel plant has produced 205 million tons of steel, 199 million tons of iron, 129 tons of rolled steel, and generated 49.9 billion yuan (about 9 billion U.S. dollars) in profits and taxes.

During the Seventh Five-Year Plan (1986-1990), the plant invested 4.9 billion yuan to upgrade technologies, and has transformed over 99 key projects.

By the end of the period, fixed assets of the plant have been increased to 13.78 billion yuan, compared with 7.46 billion yuan at the end of the Sixth Five-Year Plan (1981-1985).

The Anshan Iron and Steel Plant is planning to raise its annual steel production to 10 million tons by the end of

the 1990s, and to form up a comprehensive production capacity of 15 million tons at the end of this century.

Northwest Region

Northwest Region Speeds Up Air, Rail Development

HK2711151592 Hong Kong ZHONGGUO TONGXUN SHE in English 1344 GMT 27 Nov 92

[Text] Xi'an, November 27 (CNS)—The provinces of Shaanxi, Gansu and Qinghai and the autonomous regions of Ningxia and Xinjiang have made great efforts to change the backwardness of their infrastructural facilities by speeding up the development of the air and rail links.

Xi'an's Xianyang Airport has opened 32 domestic air routes and direct flights to Hong Kong and Nagoya. The total distance of all its air routes is next only to those of Beijing, Shanghai, and Guangzhou, ranking it fourth in the whole country. Direct flights between Lanzhou and Hong Kong will start up this year. Xining's Caojiabao Airport was opened last year. Flights out of Urumqi now number 71 a week and include 21 international flights to Central Asia, Western Asia, Europe and Africa.

During the Seventh Five-Year Plan period, not a single mile of railway was laid in the five provinces and autonomous regions of northwestern China. In the current Eighth Five-Year Plan period, however, the state has already invested more than RMB 8 billion in the renovation and construction of railways in the region involving more than 3,000 kilometres. The double track Lanzhou-Xinjiang project, with a total length of 1,622 kilometres, is divided into two sections, namely the Xinjiang and the Gansu sections, construction of both of which was started simultaneously. The line is expected to be ready within three years. Construction of the Baoji-Zhongwei railway is to be speeded up and the laying of the track is scheduled for completion in the first half of 1994.

The Xi'an-Yan'an railway and the Baoshen railway have gone into service, while the electrification of the Baotou-Lanzhou line and its double track construction as well as the expansion project on the Tianshui-Lanzhou section are now in full swing.

Following the starting up of the non-stop international container train between Lianyungang and Almaty on September 1, this year, the western station of Xi'an and the western station of Lanzhou have built storage yards for containers.

No Trade Pact To Be Signed During Hills' Visit*OW2811162992 Taipei CNA in English 1547 GMT 28 Nov 92*

[Text] Taipei, Nov. 28 (CNA)—The United States and the Republic of China [ROC] will not sign a proposed trade and investment agreement during US Trade Representative Carla Hills' visit here, a spokesman for the American Institute in Taiwan (AIT) said Saturday.

Ranking officials of the ROC Foreign Ministry also said the agreement will not be signed during Hills' four-day trip here.

The AIT and ROC officials did not elaborate why the agreement will be shelved.

Hills, the first US cabinet-level official to visit Taiwan in 13 years, will arrive in Taipei Monday to meet ROC officials and attend an annual ROC-US business meeting opening on Dec. 1.

According to the AIT spokesman, Hills will discuss with ROC officials on issues related to intellectual property rights protection, bilateral trade and investment, the General Agreement on Tariffs and Trade and the Asia-Pacific Economic Cooperation Conference as well as US participation in the nation's six-year national development plan.

Editorial Terms Carla Hills Visit 'Befitting'*OW2811163392 Taipei CNA in English 1355 GMT 28 Nov 92*

[Text] Taipei, Nov. 28 (CNA)—The following editorial appeared in Saturday's EXPRESS NEWS, an evening daily published by CENTRAL NEWS AGENCY.

Carla Hills' Visit

US Trade Representative Carla Hills will arrive here Monday for the annual meeting of the ROC [Republic of China]-USA and USA-ROC Economic Councils which opens on Wednesday. Hills will be the first US cabinet-level official to visit this country since the suspension of diplomatic ties between Taipei and Washington in 1979.

As a statement issued by her office indicates, the visit reflects the increased importance of Taiwan's commercial relationship with the United States.

In fact, Taiwan is America's sixth largest trading partner. That fact speaks for itself, and it is only natural for high-level trade talks between the two countries in order to further promote the mutually beneficial relationship.

In the past few years, Hills has been effective in convincing Taipei to open its market wider by lowering both tariff and non-tariff barriers and to take stringent measures to protect intellectual property rights. All that may hurt Taiwan in the short run, but the island will certainly emerge more competitive in the long run.

In addition, the top US trade official is also known for her active support of Taipei's accession to the General Agreement on Tariffs and Trade. The Americans stand to gain as Taiwan further opens its market in the process of becoming a contracting party to the world trade forum, especially in the fields of agriculture and services. But Taipei will also benefit from GATT membership given its reliance on exports for sustained economic growth.

Therefore, what Hills has been doing is, indeed, beneficial to both countries, and it is only befitting for her to be the first US cabinet-level official to visit here since 1979.

Of course, the visit also reflects Washington's move towards pragmatism in dealing with Taipei. The United States, however, is not the first country to come to the conclusion that high-level contacts are needed to strengthen substantive ties with Taipei. Vice Chancellor Jurgen Mollemann of Germany just concluded a visit here earlier this month.

Now Japan is the only major player in international trade yet to send a senior official here. Hills' visit, no doubt, gives Tokyo a new impetus to a review of its somewhat rigid policy towards Taipei.

Permanent Council on Trade With U.S. Planned*OW2811094792 Taipei CNA in English 0819 GMT 28 Nov 92*

[Text] Taipei, Nov. 28 (CNA)—Officials of several government agencies will get together Saturday [28 November] to exchange views on the establishment of a permanent council concerned with Taiwan's trade ties with the United States.

Under the soon-to-be-signed trade and investment agreement between Taiwan and the United States, the American Institute in Taiwan (AIT) and the Coordination Council for North American Affairs (CCNAA) will jointly set up a permanent council to deal with economic matters between the two countries.

AIT and CCNAA, created in 1979 to represent each other's respective interests after the two sides suspended diplomatic ties, will sign the agreement on Dec. 3.

The Board of Foreign Trade, which is convening the meeting, said that officials from the Ministries of Foreign Affairs and Economic Affairs will attend the meeting.

Editorial on Importance of Mirage Fighter Deal*OW2811014292 Taipei CHINA POST in English 20 Nov 92 p 4*

[Unattributed editorial: "The Mirage Sale"]

[Text] The news about the conclusion on Wednesday of contracts for the ROC [Republic of China] Air Force to buy 60 Mirage 2000-5 jet fighters and 1,500 short and medium range missiles from France is truly encouraging.

For many years, Taiwan has been faced with the crucial security problem of where to obtain advanced weapons needed to cope with the military threat from Communist China, which has never hidden its intention to use force against this island when it deems necessary.

Taiwan itself lacks the technology to produce advanced weaponry to meet the defense needs. It has traditionally relied on its long-standing friend, the United States, to supply military equipment.

The U.S. is obligated in its Taiwan Relations Act to help this island maintain security. But Washington has for the last more than 10 years refused to sell high-performance weapons to Taiwan because of Beijing's intervention.

Only until this September did President George Bush approve the sale of 150 F-16 jet fighters to Taiwan, a move which many believed would have been unlikely if it were not for his effort to create jobs and win voter support for his re-election campaign.

But 150 F-16s is far from sufficient to meet Taiwan's security needs, considering the fact that the island's warplanes now in service all are antiquated models and that the communist Chinese mainland is investing massively to beef up its air power.

So the agreement by France to supply Taiwan with 60 Mirages is of great importance to this island in its efforts to retire its aging fleet of warplanes and strengthen its air defense capability.

Wire dispatches reported that Beijing had already raised strong opposition to the Mirage deal, just as it did to the U.S. over the sale to Taiwan of the F-16s.

But Paris, as with Washington, is unlikely to take Beijing's opposing stance too seriously. This is because France, too, wants the weaponry sale to help create jobs and give a boost to its weak economy.

In addition, there seems to be another important reason for the two deals which neither Washington nor Paris has ever publicly cited. That is, Beijing has no justification to bar other nations from supplying Taiwan with defensive arms, while the mainland itself is moving actively to expand its own military power—already the largest in the region.

On the other hand, they presumably believe, helping Taiwan maintain an adequate defense capability is necessary for this island to provide a stable business environment, not just for its own companies, but also for those multinational corporations wanting to do business here on this island.

Government Backs Hong Kong Governor's Reforms

OW3011084592 Taipei CNA in English 0804 GMT 30 Nov 92

[Text] Taipei, (CNA)—The Republic of China [ROC] Government supports any measure that may contribute to maintaining democracy, freedom and prosperity in Hong Kong and Macao, Mainland Affairs Council Chairman Huang Kun-hui said over the weekend.

Huang made the statement during a regular news conference in which he was asked to give the council's response to Hong Kong Gov. Chris Patten's democratic reform package unveiled in October.

Huang said the ROC Government is hoping to see Patten's sweeping constitutional reform proposal realized so that Hong Kong citizens will have a greater say in the colony's political process.

Patten's proposal to increase Hong Kong voter participation in the colony's legislative election in 1995 has angered Peking leaders who assailed Patten's call for a rational discussion on the issue as in fact irrational.

The United States, Australia and Britain have come out in support of Patten's scheme. Huang's statement was the first time ROC authorities have spoken publicly on the issue.

Huang said the government's policy of helping promote democracy, freedom and prosperity in Hong Kong and Macao has been coherent and will remain unchanged even after the two colonies revert to Peking rule in 1997 and 1999, respectively.

He stressed that the government will continue to expand trade, economic and cultural exchanges with Hong Kong in an effort to dispel Hong Kong people's doubts over Taipei's sincerity in keeping close ties with the enclave.

Huang said his council does not rule out the possibility of making contacts with any Hong Kong Chinese groups. He hoped ROC officials stationed there will understand the changing role in their work and extend relations with more Hong Kong Chinese groups.

Decline in International Payment Surplus Viewed

OW3011102892 Taipei CHINA POST in English 27 Nov 92 p 4

[Editorial: "A Surplus Decline"]

[Text] Taiwan's balance of international payments in the first nine months of this year showed a surplus of US\$2.5 billion, representing a nearly 50 percent drop from a year earlier.

This has raised a question among some of whether the decline will continue and eventually weaken Taiwan's ability to finance its overseas purchases of products and services.

That should not prove to be the case. One main reason for the decline in Taiwan's long-standing huge surpluses in the balance of payments was because of a fall in merchandise trade surplus.

This latter surplus fell by 20 percent in the first 10 months from a year earlier to US\$8.4 billion, reflecting weak exports and brisk imports.

Imports will certainly continue to increase in the years ahead, as Taiwan disburses US\$10 billion in payments for its purchases of 150 U.S.-made F-16 jet fighters and 60 Mirage 2000-5 warplanes from France, for example.

But given its strong manufacturing base and its worldwide sales network, Taiwan's exports should regain strength and turn into a large trade surplus once a recovery in the world economy is under way.

People who worry about a serious weakening in Taiwan's international payments position should also consider the island's enormous foreign exchange reserves which total some US\$90 billion by the latest count that alone generate as much as US\$6 billion in interest a year.

Actually, a decline in Taiwan's huge surpluses is healthy. Large trade surpluses in a sense reflect the failure of companies to fully invest their overseas earnings. Also, a drop in excessively high trade surplus can ease the appreciatory pressure on the New Taiwan dollar and help rein the money supply.

Beyond the merchandise trade factor, there are also two other major reasons for Taiwan's surplus decline this year. One is that more and more local citizens are traveling abroad. Such expenses reached US\$5.5 billion in January to September.

Another reason is that Taiwan's capital outflow remains strong, which totaled more than US\$2.5 billion in net terms in the first three quarters. This indicates that more companies are moving to invest abroad.

Many worry about Taiwan's continuous massive capital outflow. But the government cannot and should not prevent it. Capital can be freely remitted out of the country as a result of liberalization of foreign exchange controls in recent years. Besides, money flows to where investment is more profitable.

However, that many companies have chosen to invest abroad suggests the need for the government to improve domestic investment conditions.

Taiwan does not necessarily need to try to retain those companies producing labor-intensive products. But it definitely should create a more favorable environment for investment in high-technology industries and in sophisticated services.

Government Urged To Enhance ASEAN Trade Ties

OW3011121892 Taipei CHINA POST in English 27 Nov 92 p 9

[Text] The government of the Republic of China [ROC] is being urged to use a generalized system of preferences (GSP) as a leverage to step up economic and trade relations with the ASEAN (Association for Southeast Asian Nations).

That way, imports from the ASEAN will become more competitive and the nation's trade ties will become closer, according to a report recently presented by the ROC representative office.

On the other hand, it will also produce a favorable channel for sales of products manufactured by Taiwan-invested companies in the Southeast Asian region, the report argued.

Taiwan's economic and trade links with ASEAN, which includes the nations of Philippines, Singapore, Indonesia, Brunei, Thailand and Malaysia, are growing in spite of the absence of diplomatic relations.

Two-way trade between Taiwan and the bloc stood at US\$12.3 billion in 1991, or 8.7 percent of Taiwan's external trade volume. The trade imbalance stood at US\$2.4 billion in favor of Taiwan. ASEAN taken as a whole has become the nation's second largest trading partner in Asia.

The gaining of momentum in the bilateral trade was made possible largely by ASEAN-bound investments, which totaled US\$11.6 billion from 1986 through 1991, according to ASEAN-compiled statistics. Taiwan investments there number some 2,500 at present.

In the opinion of Kao Yi-hsin, director of the Industrial Development and Investment Center, the regional block will emerge as a greater economic power in the international economic arena.

"That trend is particularly worthy of attention when the nation is seeking to diversify its overseas markets," Kao said.

The ASEAN agreed in a summit held in January that a free trade area will be established to speed up the circulation of goods and personnel between the member countries.

The six ASEAN countries later decided on concrete steps to be taken towards the development of a free trade area in a ministerial meeting staged in Manila last month.

Effective from Jan. 1, 1993, the ASEAN member countries will adopt bilateral preferential tariffs on 15 products, ranging from plant oil, cement and chemicals, to textiles and electronics.

That development will also affect the operation of Taiwan investments there, Kao added.

The nation should begin closer industrial and technological cooperation with the trade bloc in tandem with the trend, Kao urged.

Trade With Canada Grows in First 9 Months

OW2811165392 Taipei CNA in English 1406 GMT 28 Nov 92

[Excerpt] Ottawa, Nov. 27 (CNA)—Canada's trade with the Republic of China [ROC] on Taiwan grew by 3.6 percent in the first nine months of this year, according to latest figures compiled by Statistics Canada, a federal agency.

Bilateral trade in the first three quarters of 1992 totalled 2,514 million Canadian dollars (US\$2 billion), compared with 2,424 million Canadian dollars in the same period of 1991.

Canada's exports to Taiwan dropped 10.1 percent to 684 million Canadian dollars (US\$534 million), while imports increased 10 percent to 1,829 million Canadian dollars (US\$1.43 billion) in the January-September period.

As a result, the trade gap widened to 1.1 billion Canadian dollars in the nine-month period from 900 million Canadian dollars, an increase of 27 percent.

The figures also showed that Taiwan was Canada's seventh largest supplier of merchandise in the world and second largest supplier in Asia, after Japan. [passage omitted]

Former Costa Rican President Meets Li Teng-hui

OW2811094492 Taipei CNA in English 0813 GMT 28 Nov 92

[Text] Taipei, Nov. 28 (CNA)—Former Costa Rican President Oscar Arias Sanchez said Friday [27 November] a woman could easily be a better president than a man and "politics could be a beautiful Song" under the presidency of a female.

"Women are generally more honest, and that means it would be safer to let them take care of public funds," the former Costa Rican president said.

Arias made the remarks when confirming that his wife, Margarita de Arias, is planning to run for the next presidential election in Costa Rica.

Arias gave a speech on "Democratic Transition in Latin America" Saturday morning at the Chung-Hwa Institute for Economic Research.

Arias and his wife called on President Li Teng-hui Friday. He said he shared President Li's vision that the next century should be an era when world nations face each other peacefully with military confrontations fading out gradually.

While praising Taiwan's achievement in economy development, which 20 years ago was the same level of that of Costa Rica, Arias said he hopes Taiwan could turn out to be a moral power, and not just an economic power, in the world community.

Zambia To Open Economic Office, Air Service

OW2811095892 Taipei Voice of Free China in English 0200 GMT 27 Nov 92

[From the "News" program]

[Text] Zambia will open an economic consulate in Taiwan and initiate direct air service to Taipei.

Zambian Commerce, Trade, and Industry Minister Ronald Penza made the announcement while welcoming a group of South African-based Taiwan businessmen to a trade seminar in Lusaka, Zambia, on Tuesday [24 November].

Penza said he expects an increase in trade between Zambia and Taiwan as a result of his government's trade liberalization. He did not indicate when state-owned Zambian Airways would begin flying to Taipei.

President Frederick Chiluba announced a more open trade policy after he came to power in elections a year ago. He also said he would build ties with countries that would not recognize former President Kenneth Kaunda. They include Israel, South Africa, South Korea, and the ROC [Republic of China] on Taiwan.

Mainland Inventions To Be Granted Patents

OW2811104592 Taipei CNA in English 0755 GMT 28 Nov 92

[Text] Taipei, Nov. 28 (CNA)—The Economics Ministry has drafted regulations governing the granting of patents to inventions by people in the Chinese Mainland.

A spokesman from the National Bureau of Standards, which is responsible for drafting the regulations, said that many Taiwan inventions have obtained patents from mainland authorities but by contrast, mainland inventions still cannot apply for patents here.

As a result, new technologies and techniques from Taiwan have been easily funnelled into the mainland, while [as received] has no way to get them from the mainland.

He said that it is a must for the nation to grant patents to mainland inventions so as to accelerate technological exchanges between the two sides of the Taiwan Strait.

He said that the newly drafted regulations are based on the principle of reciprocity to protect intellectual property rights.

As the matter will involve many other issues such as the entry to the nation by mainlanders and document authentication, the bureau will invite officials from the

Mainland Affairs Council, the Straits Exchange Foundation and other relevant organizations to public hearings next week for further discussion.

Mainland Said More Dependent on Taipei Products

OW2811085792 Taipei CNA in English 0828 GMT 28 Nov 92

[Text] Taipei, Nov. 28 (CNA)—Mainland China has become more dependent on the supply of Taiwan products, officials of the Ministry Of Economic Affairs said Saturday [28 November].

Citing statistics released by Hong Kong, the entrepot of indirect trade across the Taiwan Strait, the officials reported that exports of Taiwan machinery equipment and intermediaries to the mainland totaled more than US\$1 billion and US\$3 billion respectively in 1991. By contrast, the figures stood at US\$950 million and US\$1.6 billion in 1989.

Currently, they pointed out, the two items accounted for a respective 5.4 percent and 15.57 percent of mainland market shares.

Strait Group Vice Chairman Returns From Europe

OW2811104492 Taipei CNA in English 0801 GMT 28 Nov 92

[Text] Taipei, Nov. 28 (CNA)—Many European politicians are fully aware of Taipei's "one China" policy and regard Taiwan and Mainland China as two different political entities, a ranking official said Friday [27 November].

"They are also interested in Taiwan's role in influencing Communist China," noted Ma Ying-jeou, vice chairman of the Mainland Affairs Council (MAC), upon his return from a diplomatic blitz in Europe.

Ma left for Munich Nov. 13 to attend an international conference on policy and strategy sponsored by Germany's Christian Socialist Union.

It was the first time that the German party invited an ROC [Republic of China] official to attend its annual meeting, usually attended by German Government officials, foreign diplomatic and trade representatives in Germany, and ranking officials from other countries. Peking voiced protest against the party's invitation to Ma.

In his speech to the meeting, Ma explained Taiwan's mainland policy and its views on future political stability in East Asia. He had wide-ranging talks with three German cabinet ministers and the Albanian president during the two-day conference.

Later on, Ma visited several other European countries, including France and Belgium.

Ma said he has found through all his visits that many European political figures and academics are interested in Taiwan's role in transforming Mainland China's political and social systems.

They also support President Li Teng-hui's call for the creation of a collective security system in Asia to serve as a stabilizing force in the region, Ma reported.

European officials have also expressed the strong desire for strengthening substantive ties with the Republic of China [ROC], Ma added.

Dissident Returns From 34-Year Exile in Japan

OW2811095592 Taipei Voice of Free China in English 0200 GMT 27 Nov 92

[From the "News" program]

[Text] On Wednesday [25 November], after 34 years of exile in Japan, ROC [Republic of China] dissident (Huang Chao-tang) returned to Taiwan to a cheering crowd of some 600 supporters.

(Huang) is chairman of the Japan chapter of the World United Formosa for Independence, and his return reduces the number of dissidents still on the government's blacklist.

Since the termination of an antisediton law, the government is believed to have removed 270 dissidents from its blacklist.

(Huang) has been accused of masterminding the 1986 bombing of the offices of THE CENTRAL DAILY NEWS and THE UNITED DAILY NEWS, but since he has not actually been convicted, the government allowed his return.

(Huang) went to Japan to study in 1958, and since having his ROC passport revoked in 1961 for supporting Taiwan independence, he had not set foot on the island until yesterday [as heard].

Next year, (Huang) plans to quit his position as political science teacher at Tokyo University and return to Taiwan to settle.

For now, he plans to campaign for the DPP [Democratic Progressive Party] for the upcoming December election.

Li Opposes Radical Independence, Hasty Unification

OW2811094992 Taipei CNA in English 0826 GMT 28 Nov 92

[Text] Taipei, Nov. 28 (CNA)—Kuomintang [KMT] Chairman Li Teng-hui stressed Friday [28 November] that the KMT firmly opposes radical independence of Taiwan, and "at the current stage" is also against hasty unification with Mainland China.

Li made his remarks while hosting a dinner party for a group of parliamentarians and KMT officials at the Chung Hsing New Village, seat of the Taiwan provincial government in Taichung, central Taiwan.

The KMT Government has been adopting a "moderate" policy while pushing ahead with constitutional democracy over the past four decades, Li said.

In addition to Taiwan independence and hasty unification, the KMT also opposes "neo-isolationism," said the KMT chairman, concurrently president of the Republic of China [ROC].

Explaining the term, Li said "neo-isolationism" means "isolating ourselves and estranging ourselves from others."

The Republic of China on Taiwan does not have rich natural resources, therefore "we cannot confine ourselves to this small island."

"We must walk out, into the international community," which means carrying out "flexible diplomacy" that the

government has repeatedly emphasized as the foundation for building friendships and winning respect and recognition, Li added.

On domestic politics, the government has been promoting democracy, which Li termed "the politics of voting." A political party can live on and rule and seek the maximum benefit for the people only by winning the support of the general public, that is, by winning their vote, he noted.

He also spoke of his feelings after two days of visits to local communities.

"Many old issues are still there; this makes me feel uneasy. But I was gratified over the progress in local construction made by the people here," Li said.

He urged KMT officials to convey local public opinion to the higher echelon, whose views sometimes are "not the same as grassroot people's."

Li was accompanied by Sung Chu-yu, secretary general of the KMT Central Committee; Lien Chan, governor of Taiwan Province, and Chiu Chin-yi, deputy secretary general to the president.

Hong Kong

Legislative Council Approves Airport Finance Plan

HK2811034092 Hong Kong SOUTH CHINA
MORNING POST in English 28 Nov 92 pp 1, 5

[By Fanny Wong, Lana Wong, and Catherine Chan]

[Text] The Government last night narrowly escaped a defeat in securing funds from the Legislative Council to enable the \$9 billion [Hong Kong dollars] airport site preparation contract to go ahead.

Under pressure from China not to allow the contract to be awarded before an agreement on the overall financing of the airport plan was secured, councillors voted 27-25 to grant the Government's request on the site formation project.

Other requests for smaller items, which together with the site preparation cost brought the total request to \$6.69 billion, were also approved by narrow margins.

Eleventh-hour attempts by the Co-operative Resources Centre (CRC) to convince the Government to withdraw its funding request and adjourn discussion on the subject caused chaos before they were blocked.

It is understood there was intensive lobbying of legislators by both the Government and the Chinese side as late as yesterday morning.

The Financial Secretary, Mr Hamish MacLeod, who chaired the Finance Committee meeting, is understood to have led the administration's lobbying.

Meeting Point legislators, who voted against the request, had a 1 and 1/2 hour meeting with officials from the local branch of the New China News Agency [XINHUA] on Thursday [26 Nov], during which the burning issues of the airport financing and political development were discussed.

Meeting Point's Mr Fred Li Wah-ming stressed that the Chinese officials did not ask them to block the funding and that their votes had not been affected by the talks.

The CRC's Mr Allen Lee Peng-fei also had a session with the Chinese team leader of the Joint Liaison Group Airport Committee, Mr Guo Fengmin.

According to a source, Mr Guo only stated China's views, without asking CRC members to vote against the request.

Speaking after the vote, a relieved Mr MacLeod said: "This is an important decision because it enables us to take a further step forward on the airport core programme, and of course also to meet our obligations under the Memorandum of Understanding (MOU) (on the new airport projects).

"It also gives us further time to talk with China. We've emphasised before that our prime aim remains to reach agreement with China, and this will let us do that in parallel while making this further step forward."

The 5 and 1/2 hour Finance Committee session on the funding proposal is believed to be a record for discussion on a single item.

Although the total sought was \$6.69 billion, funds for various items making up the total were voted on one by one for the first time.

The items included the site preparation contract, the contract's contingency requirement, the costs for site supervision and construction support, the funds for design consultancies and those related to maintaining the operation of the PAA [Provisional Airport Authority] headquarters.

Mr Martin Barrow, an appointed legislator and chairman of the Tourist Association, had been on a business trip to Japan with Governor Mr Chris Patten but returned a day earlier than scheduled because he had been told by colleagues the vote would be close.

"I believe voting against the proposal today would send just the wrong message and would have major repercussions," Mr Barrow said.

"I believe we would look like a bunch of wimps with no self-confidence in the future of Hong Kong. If we don't have self-confidence, how could we expect the international community, which is so vital to our future, to have confidence in the future."

Commenting on the result, United Democrats chairman Mr Martin Lee Chu-ming said that, in effect, the request was only passed by one vote.

He said that if the result had been 26-26, it would have meant the funding request was not approved by the majority and that was tantamount to rejection.

Mr Lee also said rejection would have sent a wrong message to the outside world that the Hong Kong Government could not effectively run the territory.

Mr Howard Young, the tourist industry's representative, was the only CRC member to vote in favour.

Independent Mr Vincent Cheng Hoi-chuen and CRC member Mr Ronald Arculli were out of town, while Mr David Li Kwok-po was absent.

During the meeting, Mr MacLeod was asked by members whether, if they approved the funds for the platform contract, would there be a new airport at Chek Lap Kok or would it just be a piece of land in 1997.

"I think we have been careful to emphasise a step-by-step approach," he responded.

Speculation on what would happen after taking the step on the platform plan would not help the Government in its future negotiations with China.

On whether China had formally, informally or secretly asked the Government not to proceed with the platform plan, Mr MacLeod said China had not asked the British side not to go ahead with the platform plan.

He said the Government had not received any formal approach from China not to proceed with the airport platform project. He also said there had not been any official indication from China as to what action would be taken if Hong Kong went ahead with the project.

"The Chinese side has not in any way repudiated the MOU. The Chinese side has not asked us specifically not to proceed with this contract," he said.

On Mr Eric Li Ka-cheung's request that the Government go back to the Finance Committee if there was any change in the scope of the plan or other revision, Mr MacLeod said: "I certainly find it hard to envisage any significant next step which would not require us to come back to the Finance Committee.

"I am quite clear in my mind we would come back to the Finance Committee. We don't have any other motives behind."

A number of members were concerned about whether yesterday's request was the last big item on the airport project for which the Government needed to seek members' approval.

Said Mr MacLeod: "I cannot see a situation in which we would come back to this council to fund further stages of this airport (plan) until we reach an agreement with the Chinese side."

He said the funds being sought now were within the original plan of \$16.6 billion of equity injection into the PAA.

"Hence, there can be no question of diverting funds from social services," he said.

Mr MacLeod said it would be difficult to reassure not only other governments but also investors and bankers from outside Hong Kong that the Government still retained its administrative authority if the Government did not support or implement the MOU.

"If we don't decide today to proceed with this contract, I believe the perception both in Hong Kong and elsewhere would be that we've lost our way. We are not at all sure of the way forward," he said.

"There would be doubts about the airport core programme, and indeed wider doubts on the economy of Hong Kong would be increased or would be created if they did not already exist."

Container Terminal Contract Creates More Contention

PRC Spokesman on Not Honoring Contracts

OW3011082492 Beijing XINHUA in English 0814
GMT 30 Nov 92

[Text] Beijing, November 30 (XINHUA)—The Hong Kong and Macao Affairs Office of the State Council made the following statement to XINHUA today:

According to the Sino-British Joint Declaration, Britain's administrative power over Hong Kong will terminate on June 30, 1997 and it will then have no right to handle any affairs after the date.

Accordingly, all contracts, leases and agreements signed or ratified by the Hong Kong British Government will be valid till June 30, 1997.

Except for the provisions on land leases set in Annex III of the Joint Declaration, other contracts, leases and agreements signed and ratified by the Hong Kong British Government which are not approved by the Chinese side, will be invalid after June 30, 1997.

The spokesman said that it has been a consistent policy of the Chinese Government to maintain and develop long-term prosperity and stability in Hong Kong. The Chinese Government reiterated that investments in Hong Kong by private capital from both Chinese and foreigners sources remains welcome.

It will take a positive attitude in examining and approving contracts, leases and agreements after June 30, 1997 when representing the government of the future Hong Kong special administrative region.

PRC Not To Support Hong Kong Government

HK2911055092 Hong Kong MING PAO in Chinese
29 Nov 92 p 18

["Special Article" by staff reporter: "'You Give Me a Punch, I Will Give You Two Kicks in Return': Chinese Side Will Not Support British Hong Kong Government Any More in Exercising Effective Administration"]

[Text] Referring to the Hong Kong Government's recent approval of the container terminal No. 9 project, an informed source close to the Chinese side disclosed that the Chinese side has now begun to go into action in "assuming a noncooperative attitude and giving tit for tat" in dealing with the British Hong Kong Government. The Chinese side has decided not to support the British Hong Kong Government in exercising effective administration any more, in the belief that the "constitutional package issue" was a punch the British Hong Kong Government gave to the Chinese side, and that now it is time for the Chinese side to "give two kicks in return."

The informed source said: The Chinese side had an agreement with former Hong Kong Governor Sir David Wilson, whereby the British Hong Kong Government

was assured of support to safeguard its authority over Hong Kong until 1 July 1997, when the territory is to be returned to China, so that it can exercise effective administration on the condition that its administration does not contravene the Basic Law nor impair steady transition and convergence. Apart from retaining the right to have a say on some major issues that stride over 1997, the Chinese side has promised to make the least interference possible in general affairs.

From Cooperation to Confrontation

The informed source said: The Chinese side noted that in the past it chose to assume a low profile on Hong Kong affairs, which were supposed to be handled by the British Hong Kong Government before the return of the territory to China on 1 July 1997, because the two sides had a tacit agreement, both sides observed the rule, and the Chinese side could well predict and rest assured of the development of affairs. However, the rule has now been set aside, the tacit agreement is no longer valid, and cooperation no longer exists, but is replaced by confrontation.

The informed source said: The Chinese side now holds to such an attitude—since cooperation is replaced by confrontation, the Chinese side will not support the British Hong Kong Government any more in exercising effective administration, will not help safeguard the British Hong Kong Government's authority, but will resort to a strategy by which the Chinese side gives stern response to every project under British Hong Kong wrapping, "so that the British Hong Kong Government will not accomplish what it wants to do."

The informed source also pointed out: It was the British Hong Kong Government that first raised the constitutional package. As far as this is concerned, the Chinese side has only "condemned" it so far, confining its reaction to verbal criticism. This time, in response to the British Hong Kong Government's approval of the container terminal 9 project, the Chinese side has begun to make substantial reaction, and confrontation is being reflected in specific actions. "Since you gave me a punch on the constitutional package issue, I now give you two kicks in return."

container terminal 9 Project Is One That Strides Over 1997

The informed source quoted the Chinese side as saying that, although the lease for the plot of land for the container terminal 9 project was approved by the Sino-British Land Committee, the term of the lease is 50 years, and therefore the project will certainly go beyond 1997.

The informed source said: What was approved is the land lease, which is only the beginning of the project, and the construction of the project will involve many other affairs. Construction work on the plot of land must be approved by both sides through consultations, every action taken on the site is subject to prior consultation

with the Chinese side. This practice will apply not only to the container terminal 9 project, but also to other cases of this sort. So long as there is no cooperation, the Chinese side will get involved with a view to weakening the British Hong Kong Government's authority in effective administration over the territory.

1997 Government Not To Honor Contract

OW2711142992 Beijing XINHUA Domestic Service in Chinese 1252 GMT 27 Nov 92

[Text] Hong Kong, 27 Nov (XINHUA)—Guo Fengmin, chief representative of the Chinese team of the Sino-British Joint Liaison Group, today issued a statement concerning the British Hong Kong Government's approval of (meaning consent to) [pi chu 2106 0427] the contract for container terminal No. 9.

Guo Fengmin pointed out: The time of efficacy for the contract for container terminal No. 9 will extend beyond 1 July 1997. According to the stipulation of Annex 2 of the Sino-British Joint Declaration, during the second half of Hong Kong's transitional period the two sides must cooperate more closely and jointly deliberate any measures necessary for a smooth transition in 1997. For this reason, the Chinese side has emphasized on many occasions that all matters relating to the smooth transfer of government in 1997 should be solved through consultation by the Sino-British Joint Liaison Group. The British Hong Kong authorities have no right to make unilateral decisions. However, the British Hong Kong authorities recently announced that they will approve the contract for container terminal No. 9, and this decision has not been submitted to the Sino-British Joint Liaison Group for discussion. This is a unilateral act by the British Hong Kong authorities that violates the Sino-British Joint Declaration. If the British Hong Kong authorities cling obstinately to this course and unilaterally approve contracts with terms of validity beyond 1 July 1997, the future government of the special administrative region will not honor any of these contracts.

Financing Plan 'Irresponsible'

OW2811135192 Beijing XINHUA in English 1339 GMT 28 Nov 92

[Text] Hong Kong, November 28 (XINHUA)—The Chinese side today criticized the British Hong Kong Government for its "irresponsible" action to unilaterally award the contract for the site preparation of the proposed Chek Lap Kok Airport.

In an interview with XINHUA, Guo Fengmin, chief representative of the Chinese team of the Sino-British Joint Liaison Group (JLG), said that the airport financial arrangement proposed by the British Hong Kong Government in March this year went beyond the principles and stipulations of the Memorandum of Understanding on the airport construction. Therefore, China and Britain have not reached any agreement on it so far.

Under such circumstances, the British Hong Kong Government has unilaterally awarded the contracts for the airport site preparation without any consideration of repeated opposition from the Chinese side. This is extremely irresponsible, he pointed out.

As a result, Guo said, the projects will be bound to pass on a heavy financial burden to the tax payers of Hong Kong and cause a huge waste.

The unilateral action of the British Hong Kong Government indicated that it has been determined to abandon the Sino-British Memorandum of Understanding on construction of a new airport in Hong Kong, Guo stated.

The Chinese side solemnly declared, he said, that the British Hong Kong Government should bear all the consequences arising thereafter.

Editorial Warning on Contracts

*HK3011122492 Hong Kong WEN WEI PO in Chinese
30 Nov 92 p 2*

[Editorial: "Chris Patten's Abandonment of Agreements Has Caused Evil Consequences"]

[Text] After China and Britain signed the Memorandum of Understanding [MOU] on the New Airport and Related issues in July last year, Hong Kong people's minds were stabilized and businessmen's investment confidence increased, because this memorandum laid a foundation for a smooth transition as well as for prosperity and stability. As long as China and Britain abide by the agreements, carry out friendly cooperation, and conduct consultations and discussions on major matters straddling 1997, Hong Kong will be able to overcome all kinds of difficulties and remove all kinds of unclear prospects. Friendly cooperation and sincere consultations constitute a guarantee of Hong Kong's prosperity and stability.

The scope for cooperation prescribed by the MOU includes: first, cooperation on 10 major projects related to the new airport; and second, cooperation following on from the approach of the transfer of power on 30 June 1997. The former is of an economic nature and the latter is of a political nature. This is where Chinese and British interests lie and where the Hong Kong people's interests lie. The political environment will inevitably affect the economic environment, and these two cannot be separated from each other. Since the British side has broken its commitments on the transfer of power and the construction of the new airport, it has seriously damaged the mutual trust and mutual cooperation between China and Britain, and this has also affected the economic field.

After Chris Patten assumed the governorship of Hong Kong in July this year, he changed the British Conservative Party's policy toward China and Hong Kong in an overall manner, did not play his cards normally, cast aside the rules established by China and Britain

according to the provisions of the Joint Declaration, abandoned the Basic Law, and scrapped the understandings and commitments reached between the Chinese and British foreign ministers on constitutional convergence. Recently, Chris Patten, regardless of repeated statements and warnings by the Chinese side, manipulated and suppressed the Legislative Council; forced through McGregor's motion on constitutional reform; and ratified the allocation of funds and contracts for the new airport's site formation project. This suggests that Chris Patten has made up his mind to abandon the MOU, has taken unilateral action on constitutional reform and the new airport project, and has challenged the original Sino-British cooperative mechanism. A high-ranking British official openly asserted that Britain still has administrative power over Hong Kong before 1997, therefore the British side can do whatever it likes and act unilaterally without others' approval. This is a very dangerous signal and will inevitably destroy the arrangements for a smooth overall transition.

All Hong Kong people know that the British Hong Kong Government only has four and a half years of administrative power. Without the trust and support of the Chinese side, the British side cannot put its administrative orders transcending 1997 into effect and its commitments to businessmen on long-term investments will lose general confidence. The British Hong Kong Government does not have adequate financial resources to build the new airport alone, it will not be able to make any commitments ensuring civil service pensions and retirement, and it will be unable to guarantee commercial contracts approved by the government for more than four and a half years. Only with the approval and cooperation of China will the British Hong Kong Government be able to practice long-term constitutional reform and economic planning.

Chris Patten's policy of confrontation with China has not been adopted by any Hong Kong governor since the end of the war. In addition, China and Britain have signed the Joint Declaration and the MOU—documents which have binding force. Chris Patten has gone so far as to disregard the agreements and memorandum signed between China and Britain and has acted according to "public opinion" arranged by himself. What he calls "public opinion" takes the intentions of pro-British, anti-Chinese elements, including Lee Chu-ming [leader of Hong Kong pro-democracy group, the United Democrats of Hong Kong], as the criteria, whereas the opinions of people in other circles are ignored by Chris Patten. It is impossible to predict what will happen in Hong Kong in the future and how far this will deviate from the Joint Declaration and the MOU. During the Wilson period, China and Britain had rules to abide by in their work and based themselves on understandings and commitments. Both sides made efforts on consultations and cooperation and what happened in Hong Kong followed laid-down rules and a relevant track. Therefore, the Chinese side sincerely supported the British Hong Kong Government's policies. At present, Chris Patten is

deviating further and further; is not dealing his cards according to Sino-British agreements; is not acting according to commitments and understandings; has abandoned consultations and refused cooperation, but is hoping to net bigger profits from Hong Kong; and is forcing the Chinese side to recognize and support him. This is, of course, wishful thinking.

How can the Chinese side support huge debts and overspending on the new airport and the idea of making the Hong Kong Special Administrative Region [SAR], namely the Hong Kong people, repay the high costs for projects contracted out to British firms with unfair help? According to Articles 1 and 2 of Annex III of the Joint Declaration, ratifying land does not mean ratifying projects on the land, and contracts involving the SAR's rights and interests and for special purposes should be stipulated and recognized by the future SAR according to law. Container Terminal 9 is a special project for exclusive operation and is not for ordinary commercial use. When approval is given through private negotiations, half of the land price falls to SAR Government revenues. How can the Chinese side unconditionally recognize the illicit transfer of land by the British Hong Kong Government, which affects the SAR Government's revenues, instead of the auction of the land and setting the land price according to the highest bid?

In the future, Chris Patten will also make unilateral decisions on matters affecting a steady transition and the transfer of power and ruining the SAR's interests. Should the Chinese side not give warnings or oppose this?

China does not hope for confrontation. Confrontation has been caused by Chris Patten's violation and abandonment of agreements and the MOU. Chris Patten, who has created the trouble, will of course be held responsible for all the serious consequences arising therefrom. Hong Kong people take account of overall interests and understand reason. At present, administrative power is in Britain's hands and the initiative for implementing agreements is also in Britain's hands. Only when Hong Kong people are united as one and force Chris Patten to stop his perfidy, will Hong Kong's interests and steady transition be guaranteed.

'Unilateral Action' Criticized

*HK2911031592 Hong Kong TA KUNG PAO in Chinese
28 Nov 92 p 2*

[Editorial: "Is It Building a New Airport or a Football Field?"]

[Text] At a time when China and Britain have not yet reached agreement on the overall financing for the building of a new airport in Hong Kong, the Hong Kong Government has taken the unilateral action of intensifying the controversy and has insisted on applying to the Legislative Council [Legco] Finance Committee for funding for the airport site formation contract. The application, which is aimed at spending a large amount

of Hong Kong taxpayers' money, was approved yesterday. Prior to that, Chinese representatives of the Airport Committee, many members of the Airport Consultative Committee, figures from all walks of life, and representatives of social groups stated that the Hong Kong Government's unilateral move will not bring good results. At yesterday's meeting, some legislative members also made justified remarks. Despite all this, the Hong Kong Government's application was approved. The result was somewhat expected. Hong Kong people clearly know whom the Legco serves on the whole. As it does not represent the views and interests of the Hong Kong people, its nature is fundamentally different from the Hong Kong Special Administrative Region [SAR] Legco to be set up after 1997.

Before the application for funding was put to the vote, the financial secretary has amended the amount time and again over the past few days, giving people the impression that the problem lies with the amount itself. However, the actual problem lies in whether the British side wants to cooperate with their Chinese counterparts and act in accordance with the Sino-British Memorandum of Understanding [MOU] on the New Airport rather than the amount of funding. Despite the amount, the funding approved yesterday is a signal showing that the Hong Kong Government wants to cling obstinately to its own course and take unilateral action. People who are aware of Hong Kong's economic reality know that the Hong Kong British Government, which will end its administration in four and a half years, cannot independently complete the mammoth airport and related projects and maintain healthy and steady finances at the same time without cooperation and commitments from the Chinese side. A former financial secretary has predicted that the government's budget will turn from surplus to deficit. Besides draining the coffers, it will be impossible to complete the new airport by 1997. Therefore, the question again lies in earnestly building a new airport for Hong Kong or battering the economy before the transfer of government.

The Chinese Government long ago stated that it wants Hong Kong to successfully build a new airport and at the same time stressed that the building of the new airport should conform to the principles of cost-effectiveness and efficiency. Hong Kong taxpayers are worried that the new airport project will become a "bottomless pit," which will drain taxes and curtail necessary social spending. Members of the Airport Consultative Committee and figures from various social circles expressed their views on putting a cap on spending and eliminating callable equity. Unfortunately, like the governor's constitutional package, the Hong Kong Government paid no heed to the positive proposals and good advice from the Hong Kong people on the new airport. As a result, China and Britain have failed to reach an agreement on the overall financial arrangements. The practices of the Hong Kong Government in showing favor to British companies and accepting the highest bids for early projects cannot help increase confidence. With backing

from the Legco Finance Committee, the Hong Kong Government's move to use public funds accumulated by the Hong Kong people to support its unilateral actions and abandon mutual Sino-British understandings will create more difficulties for the efforts being made by the two sides to reach agreement on the financial arrangements.

If the Hong Kong Government can independently complete the new airport and related projects, it should not have consulted the Chinese side and signed the MOU in the first place. If the British side knew it would come to this, why did it do so at first? The conditions required for building the new airport exist objectively: Without backing from the Chinese side, the cost of loans borrowed by the Hong Kong Government will increase sharply and franchises will not be able to stretch beyond 1997. Moreover, as the whole plan does not conform to the principle of cost-effectiveness, the project's completion will be questionable. A member of the Airport Consultative Committee pointed out the other day that, if the site preparation contract is funded now but the new airport cannot be built without backing from the Chinese side, the site will just become a big football ground. Will the funding approved by the Hong Kong Government yesterday (though the final sum is still not a small one) be used to build an airport or a football field? Why should a football field be built at Chek Lap Kok?

Actually, the new airport project and the governor's constitutional package are two different matters, which should not be lumped together. However, on these two matters, the Hong Kong Government has adopted the practice of not consulting the Chinese side in an attempt to unilaterally present a fait accompli and force the Chinese side's acceptance. For this reason, the two matters actually reflect a change in the British attitude and a breach of the cooperative spirit of the Sino-British Joint Declaration and the MOU. One is related to the political system while the other to capital construction. The British side should be held responsible for the two matters, which have been thrown into a predicament. The Chinese Government stated earlier that it will resolutely not accept unilateral actions taken by the British side and that the British side must bear all the consequences arising therefrom. Ambassador Guo Fengmin, chief Chinese representative to the Sino-British Joint Liaison Group, explained yesterday that the future SAR will not recognize the container terminal No. 9 contract, which has been awarded by the Hong Kong British authorities without consulting with and obtaining approval from the Chinese side. It is likely that similar cases of unilateral action taken by the Hong Kong British side, which will be to no avail, will continue to increase. To date, the only way to resolve the problem is for the British side to return to the track of comprehensively implementing the agreements and understandings reached between the two sides.

Government Reacts to PRC 'Attack' on Contract

HK3011125492 Hong Kong Asia Television Limited in English 1200 GMT 30 Nov 92

[From the "Main News" program]

[Text] Before we continue with international news, the Hong Kong Government has just issued a statement replying to China's statement earlier in the day that it would scrap contracts or leases signed by the government which were not expressly approved by Beijing.

The Hong Kong government has rejected this attack, saying that the threat to scrap contracts contravenes the Basic Law. The Hong Kong Government says the Basic Law dictates that contracts which are valid under Hong Kong's existing laws will continue to be valid in the Hong Kong Special Administrative Region.

Senior XINHUA Official Summoned

HK2911014092 Hong Kong SOUTH CHINA SUNDAY MORNING POST in English 29 Nov 92 pp 1-2

[By political correspondent Danny Gittings and Candy Wong]

[Text] Hong Kong and Britain yesterday took the tension with China to new heights amid mounting anger over Beijing's attack on the Container Terminal Nine contract.

Political Adviser Mr William Ehrman summoned a senior official from the New China News Agency (NCNA) [XINHUA] to express surprise and concern at China's warning it was ready to scrap the Government's deal over the terminal after 1997.

In London, the Foreign Office revealed Chinese ambassador Mr Ma Yuzhen had been summoned to receive a formal dressing-down from Hong Kong Minister Mr Alastair Goodlad tomorrow.

But even as the two governments announced their strongest protests at any Chinese Government action since Mr Chris Patten took over as Governor, Beijing yesterday launched a fresh salvo of attacks.

Chinese Joint Liaison Group team leader Mr Guo Fengmin, who had issued the container terminal warning a day earlier, charged the approval of the airport site formation contract by the Legislative Council on Friday showed a deliberate desire to break the Sino-British Memorandum of Understanding.

"The British-Hong Kong Government has unilaterally awarded the contracts for the airport site preparation without any consideration of repeated opposition from the Chinese side. This is extremely irresponsible," Mr Guo was quoted as saying in a NCNA dispatch.

He warned the Government would have to bear all consequences of this. "The projects will be bound to pass

on a heavy financial burden to the taxpayers of Hong Kong and cause a huge waste."

And as a warning there would be more economic attacks to come, an editorial in the pro-Beijing *Ta Kung Pao* yesterday predicted further criticism on the container port deal.

"There will be more cases of China not recognising unilateral actions by the Hong Kong-British Government," it said.

In a hard-hitting response to the latest criticism, Chief Secretary Sir David Ford came close to conceding relations with Beijing had all but broken down.

"We are doing our very best to co-operate with the Chinese Government. We recognise that a good relationship is vital for the continued stability and prosperity of Hong Kong. But co-operation is difficult unless the Chinese side takes a reasonable and rational approach," he told a hastily arranged press briefing.

"In particular we are surprised that no attempt has been made to check the facts with us or with the British side of the Joint Liaison Group before the statement was issued."

And the Governor told reporters in Tokyo yesterday China's comments were difficult to comprehend.

"The land for the container terminal was agreed as a grant through the Land Commission in the normal way under the Joint Declaration," he said. "There is no question of a franchise after 1997."

Speaking on his return to Hong Kong last night, a weary Mr Patten declined to elaborate. "I do not want to spend the next days, weeks, months, debating unreasonable arguments—the facts speak very clearly for themselves."

NCNA deputy director Mr Zhang Junsheng hit back at the Governor. "I am very surprised by his reaction," he said, describing the container terminal as a project which should be discussed in the JLG because the post-1997 government would have to bear some responsibility for it, and claiming the Land Commission was responsible for granting only the land, rather than its use.

Hong Kong Affairs Adviser Mr Lo Tak-shing welcomed Mr Guo's comments. He said the Government should negotiate a scheme of control to cover the terminal, and develop the next container terminal on its own.

"I'm delighted," he said. "It's absolute nuts to have no consultation and management of the port is clearly something which straddles 1997."

Britain is expected to widen the scope of its protest during tomorrow's confrontation at the Foreign Office. Officials in London were tight-lipped yesterday about how far Mr Goodlad would go, but he is expected to express dissatisfaction about China's stance on Hong Kong affairs.

Sir David admitted concern about the effect of the latest row on investor confidence after a fall in Hong Kong stocks listed in the London market on Friday night.

"Clearly such statements are likely to have an effect on the business community," he said.

Meanwhile, United Democrats chairman Mr Martin Lee Chu-ming charged even leftist legislators were unable to speak out on the Chinese Government's side this time.

The liberal leader said he regretted the Chinese government had used the issue to try to force Britain to abandon the Governor's political reform proposals.

Threat 'Difficult to Comprehend'

*HK2811065692 Hong Kong RTHK Radio in English
0500 GMT 28 Nov 92*

[Text] The Governor Chris Patten has described China's threat not to honor the contract for developing Container Terminal 9 as difficult to comprehend. Speaking in Japan where he is winding up a four-day visit, Mr. Patten said the Hong Kong Government would be taking the matter up with the Chinese authorities.

China issued its threat on the new container terminal because it said the issue had not been put to the Sino-British Joint Liaison Group for discussion; but Mr. Patten said Peking had been consulted through the Land Commission.

The warning was issued during yesterday's finance committee debate on funding for the new airport. Mr. Patten was asked if he thought China was trying to box him into a corner.

[Begin Patten recording] No, I certainly don't think so. These decisions are again to go on being taken by the Legislative Council, and I don't think whatever the adjectives and whatever the rhetoric anybody is going to avoid doing that. I think a lot of people will have been astonished by that statement yesterday, and we'll certainly be taking it up ourselves with the Chinese authorities. It has absolutely no founding whatsoever.

The political adviser has told the New China News Agency [XINHUA] about the Government's surprise and concern at yesterday's comments by Peking on Container Terminal 9. In a statement, the political adviser said the land for the terminal was approved in the Land Commission in March, in accordance with the Joint Declaration. The statement says the British Government will raise the matter with the Chinese ambassador in London.

Reforms Seen as Challenge to PRC Sovereignty

*HK3011074392 Hong Kong TA KUNG PAO in Chinese
30 Nov 92 p 2*

[Article by TA KUNG PAO observer: "Chris Patten's 'International Card' and 'Ideology' of the Chinese"]

[Text] The "earthquake" that Chris Patten has brought upon Hong Kong and the so-called "political reform proposal" he threw out were not his own personal ideas but reflect the intentions of the current decisionmakers in Britain. Surely, there can no longer be any doubt on this point. Every time the "British Empire," which once boasted the greatest number of colonies around the world, pulled out of a place, it always played dirty tricks like "returning the government to the people" or "divide and rule" in order to leave behind an "overall environment" which would continue to ensure British strategic interests after the pullout. Developments in the world situation as well as in the Chinese situation led to the signing of the "Sino-British Joint Declaration," followed by the formulation of Hong Kong's "Basic Law." Actually, the implementation of "one country, two systems" and "Hong Kong governed by the Hong Kong people" within the scope of Chinese sovereignty fully takes care of the history of Hong Kong as well as the interests of its people, and it also takes care of the legitimate economic interests of the British people. But will Britain thus give up its consistent strategy of "decolonization" by "returning the government to the people"? Facts have shown that the answer is no. In the past three years, from 1989 through 1992, unprecedented changes took place in the international political situation marked by a political disturbance within China, followed by the dramatic changes in Eastern Europe and the dissolution of the Soviet Union. The British decisionmakers thought that the time had come and, after some deliberations and personnel reshuffling, they unilaterally threw out a so-called "constitutional reform proposal" without prior consultations and in disregard of the "Sino-British Joint Declaration," "Basic Law," and other memorandums of understanding. In so doing, 1) they show their intention to "return the government to the people;" 2) sharp-eyed people can see another deeper meaning, specifically, an attempt to turn Hong Kong into a bridgehead for the entry of "western style democracy" into China and to enable it to exercise a certain "democratic influence" in the process of "structural change" and "ideological evolution" in China, which certain international forces have been seeking following the disintegration of the Soviet Union. Should that happen, Britain will certainly be able to take "credit." The reason Patten delightedly threw out the "international card" and visited a number of countries shortly after assuming power as well as why a defeated politician at home could suddenly become an "international political personality"—these absurdities may be attributed to the aforementioned reasons.

What lies ahead for Patten's "international card"? What good results can it bring him? Certain international sources may have recognized the fact that the former Soviet Union was the number one socialist power and China was the number two socialist power, but they have failed to realize the distinction between the two socialist powers, which is: The former Soviet Union was an imperialist and nationalist expansionist state which became socialist after a socialist revolution, and which

unfortunately did not denounce its nationalist expansionism and large-power chauvinism after becoming a socialist state; China is different. China was a semicolonial country which suffered from more than 100 years of imperialist aggression and oppression (beginning with the forced opening of the gates to China by British cannons and the British occupation of Hong Kong). The socialist road took years of struggle to gain national liberation and independence at a high cost, and, after taking this road, it continues to shoulder the historic burden of safeguarding national sovereignty, completing the country's unification, and rejuvenating the Chinese nation. Threats to China's sovereign right came not only from other Western powers, but, as everyone could see, it also came at one time from another socialist power. China's reform and opening up and its efforts to shake off the yoke of poverty and backwardness are aimed not only at building socialism with Chinese characteristics, but also at rejuvenating the Chinese nation and erasing the 100 years of national humiliation inflicted on us by the Western powers. Hence, China's socialism contains features not found in the socialism of the former Soviet Union: nationalism and patriotism. If we are to speak of the Chinese "ideology," its authors—from Lin Zexu to Sun Yat-sen to the Chinese communists—may be said to share a kind of common "ideology": unite to fight foreign aggression, safeguard state sovereignty, and avoid national independence. Sun Yat-sen indicated his willingness to become "good friends with communism" for the simple reason of the poverty and hardships in China caused by the aggression of the imperialist powers and the latter's support of the civil wars among the warlords. In this sense, it may be said that China's socialism grew out of national oppression by imperialism. And, if the issue is seen from the perspective of socialism, then the dramatic changes in Eastern Europe make us realize: There can be no genuine socialism without genuine national independence and state sovereignty, and socialism without national independence is bound to collapse sooner or later.

At least in China, socialism is inseparable from patriotism, nationalist awareness, and nationalism. People who fail to see this point do not understand China at all; nor do they understand the "ideology" of the Chinese. Historically, an "ideology" which is hostile to China will be thoroughly defeated by the Chinese people's nationalist and sovereign consciousness. Today, there is an international force which uses the slogan of "human rights" or "democratic" measures to intervene in the domestic affairs of Third World countries and, in effect, trample upon the sovereign rights of newly liberated and independent nations and states. For example, Britain also took part in the "sanctions" against China. And what result did the "sanctions" have? Everyone is well aware of it. The reason for the futility of the "sanctions" stems not only from China's adherence to a policy of reform and opening up as well as a policy of peaceful coexistence—which made it in effect impossible to isolate China—or from the fact that China is a big power. The main reason is that China cannot become a party to

the principal contradictions in the world today—China may be a big power, but it is not qualified in this area, because the principal contradictions in the world today are those between blocs of developed countries and between the North and the South. Whether or not one wants to admit it, this is a subjective fact.

Under such a general world situation, what effect can Patten's "international card" have? Can Hong Kong really become the bridgehead for the entry of "western style democracy" into China? Sharp-eyed people can easily see that this is but a gimmick whose real intention is to create "international clamor" superficially and use the "return of government to the people" as a means to shake China's sovereignty in Hong Kong or put sovereignty into the hands of its agents so that the future Hong Kong will become either "independent" or "semi-independent." This gimmick will certainly not help Mr. Patten, because the real problem confronting him is the very difficult situation brought about by his "three violations" and his challenge to Chinese sovereignty. On the contrary, Patten's "international lobbying" will only arouse the Chinese people's nationalist sentiments and sovereign pride, as well as awaken the nationalist consciousness of many people in Hong Kong. While many Hong Kong people are not interested in politics and have this or that view and opinion, they will eventually make the distinction between the motherland and the colonialists and will throw away any illusion of foreign "saviors" presenting the gift of "democracy."

Reaction to Governor Patten's Visit to Japan

Governor Urges Free Trade

OW2711144792 Beijing XINHUA in English
1350 GMT 27 Nov 92

[Text] Tokyo, November 27 (XINHUA)—The Government of Japan, like other governments, recognized that successful implementation of the Joint Declaration is a matter principally for China, Britain and Hong Kong.

This statement was made by Chris Patten, governor of Hong Kong, at a press conference here this afternoon.

He said that free trade is the best way to promote economic and social progress. It is also "The best way for continuing to promote economic development and opening up of China which is very important to Hong Kong, to the region and the world as well."

Patten is now in Japan on a four-day visit as a guest of the Foreign Ministry of Japan.

It was reported that during his talks with Prime Minister Kiichi Miyazawa, the host did not express any opinion on Patten's proposed reforms.

Patten told reporters that he came to Tokyo to attend the annual Japan-Hong Kong business cooperation council and did not expect much from the visit.

'Extraordinary Indifference' Noted

HK2811071992 Hong Kong WEN WEI PO in Chinese
28 Nov 92 p 2

[Special dispatch from Tokyo: "Chris Patten's Japan Visit Ends in Disappointment"]

[Text] Tokyo 27 Nov (WEN WEI PO)—In the wake of winning Canada's general support for his constitutional reform package, Chris Patten excitedly went to Japan, having gone through the hardships of travelling from one place to another. It was expected that the Japanese media and public would not pay too much attention to the visit of a colonial governor because of the hubbub over Tokyo's Sagawa scandal, and the engagement of Japanese wrestling star Takahanada and movie star Rie Miyazawa. Viewing the Japanese press and television over the past few days, we found that only this morning, several newspapers carried, in a few words in some corner, a report on Prime Minister Kiichi Miyazawa and Minister of Foreign Affairs Michio Watanabe meeting Chris Patten; such extraordinary indifference was not expected.

Prime Minister Miyazawa Says Explicitly That Japan Would Not Intervene

Chris Patten's constitutional reform package met the resolute opposition of the Chinese side and an increasingly greater number of Hong Kong residents as soon as it was set out. To seek help, he resorted to playing the international card. Although word came shortly before his departure that the Japanese prime minister and foreign minister would not talk about his constitutional reform package, Chris Patten continued to cherish hope. Once again during his stay in Tokyo, Chris Patten repeatedly harped on the same old tune that his constitutional reform package is in entire conformity with the Sino-British Joint Declaration and the Basic Law, and that his proposal of constitutional reform is necessary for Hong Kong to maintain the existing legal system and free lifestyle when Hong Kong is returned to China five years from now. In addition, he said that "many countries are concerned about the Hong Kong issue, because Hong Kong's future involves the interests of various countries." However, that was a vain attempt; Chris Patten was totally disappointed after his meeting with Prime Minister Miyazawa and Foreign Minister Watanabe, because eventually he saw that he could never win Japan's support for his constitutional reform package.

Orita's Speech Was Not in Support of Patten

The fact that Japan will not support Chris Patten's constitutional reform package can never be clearer. As of today, the Chinese Government has made several solemn statements that the Hong Kong issue is a matter between China and Britain before 1997, and it will be purely China's domestic affair after 1997. The wrong lies with the British side, and the Japanese have a very clear picture of it. Furthermore, this year is the 20th anniversary of the normalization of Sino-Japanese diplomatic

relations; in addition, the Japanese emperor has just made a successful visit to China and Sino-Japanese relations have elevated to a new tier. Under such circumstances, it is certain that Japan will not do something as foolish as to make any thoughtless comments on the Hong Kong issue. Concerning the speech of Masaki Orita, Japanese Consular General to Hong Kong, to express where he stood on this issue, related Japanese figures indicated that Orita did not say anything in support of Chris Patten's constitutional reform package. Prime Minister Miyazawa made it even more neat and tidy by simply avoiding the topic of the constitutional reform package, with a clear-cut stand that Japan would resolutely refrain from intervening in Sino-British affairs. That was a wet blanket to Chris Patten, who sought Japan's support. However, Chris Patten himself stressed, on several occasions, that he had never cherished the hope to win Japan's support during his current trip to Japan. People have no way of discovering whether or not Chris Patten is disappointed, only Chris Patten himself knows.

Japan Will Not Bind Itself to Patten's Chariot

Chris Patten said that it was not his intention to seek help from Japan. Then what is his intention for his current trip to Japan? According to Chris Patten himself, he aimed to attend the annual Japan-Hong Kong Economic Meeting, to strengthen economic ties. Over the past few days, Chris Patten has met figures of Japanese economic circles, including Japan's (Jing Tuan Lian) [4842 0957 6647]. This afternoon he concluded a news conference 30 minutes ahead of schedule for a meeting with Kozo Watanabe, Minister of International Trade and Industry. It seems that his schedule is packed full.

It was said that Chris Patten kept a plan for the new Hong Kong airport in his pocket when he met figures from Japanese financial circles, with an aim to attract their investment. Presently, Japan is suffering from an economic recession, with incessant complaints from enterprises. The huge project, which involves more than HK \$100 billion [Hong Kong dollars], is very attractive. However, Japan's financial circles will not be so foolish as to bind themselves to Chris Patten's chariot of confrontation with China. Just as indicated in material entitled "Hong Kong-Japan Relations," distributed at a reception today, Japan-Hong Kong economic relations have become increasingly closer over the past few years, with voluminous Japanese capital swarming into Hong Kong. It is precisely because of this that the Japanese Government and economic circles have shown great concern for Hong Kong's development, because only by really maintaining Hong Kong's stable transition and long-term stability and prosperity will it be possible to protect investors' interests. Just as Kazuo Wada, Board Director of Yaoshan Company Board (which is headquartered in Hong Kong), stated, it is precisely because of the full confidence in Hong Kong today and after 1997 that voluminous Japanese capital has surged into Hong Kong. Another Japanese financial and economic commentator was even more straightforward: Despite its

tempting immediate interests, the interest of Japan's capital in Hong Kong, and the long-term cooperation between Hong Kong and Japan, will be taken care of by the PRC and not England four and half years from today, and the Japanese people have a very clear picture who really is the suzerain state of Hong Kong.

Local Politician Predicts Democracy Under PRC

OW2811222992 Beijing XINHUA Domestic Service in Chinese 1245 GMT 27 Nov 92

[Text] Hong Kong, 27 Nov (XINHUA)—Zeng Yucheng (2582 6877 2052), chairman of the Alliance for Democratic Construction of Hong Kong, refuted in a speech yesterday the argument that China is against giving the Hong Kong people democracy, pointing out that the Chinese Government's positive attitude toward democracy in Hong Kong is clearly reflected in the Basic Law.

He said: According to Basic Law provisions, democracy in Hong Kong will proceed in accordance with the principle of gradual and orderly progress. Article 68 of the Basic Law provides that the method for forming the Legislative Council [Legco] shall be formulated in the light of the actual situation in the special administrative region [SAR] and in accordance with the principle of gradual and orderly progress. As for the timetable, there will be 20 directly elected seats in 1997, the number will thereafter increase to 24 in 1999, 30 in 2003, and in 2007—10 years after Hong Kong SAR is set up—all Legco members will be directly elected. He pointed out that there has never been a place (referring to the British colony) that is able to produce a democracy in such a short time and in such a steady and peaceful manner after a British pullout.

Zeng Yucheng pointed out: People in Hong Kong do not want across-the-board direct election regardless of the consequences. They attach greater importance to social stability and economic prosperity.

Zeng Yucheng pointed out: It would be a mistake to think Patten wants to give the Hong Kong people democracy and China is against it. China favors democratic progress, but Patten's plan goes against the spirit of gradual and steady progress as is provided in the Basic Law as well as the spirit of bilateral cooperation. In any case, however, after 1997, democracy will go forward in Hong Kong in accordance with the principles and direction provided in the Basic Law.

PRC 'Cold-Shouldering' Local Firms for Project

HK2911071592 Hong Kong SOUTH CHINA SUNDAY MORNING POST in English 29 Nov 92 p 1

[By Bruce Cheesman in Seoul]

[Text] China has approached a South Korean conglomerate to build a U.S.\$8 billion (HK\$61.8 billion) highway running from Beijing to Hong Kong.

Officials from the Pohang Iron and Steel Company (POSCO) said yesterday China had asked the company to form a consortium to build the 2,400-kilometre highway and a cold-rolled steel mill.

The official said POSCO's honorary chairman, Mr Park Tad-joon [name as published], had gone to Beijing to discuss the highway project with the Chinese Government.

The world's third largest steel producer, POSCO said the company received the request to take part in the project from China's main steel producer, Shougang Corporation.

Work is expected to begin on the 10-year project next year.

China is also believed to have asked South Korea's Dong-ah Construction Company to take part.

POSCO's construction arm, Geoyang, will head the consortium.

The South Koreans would provide engineering expertise and capital, while Beijing would provide the workforce, POSCO officials said.

China has also asked POSCO to set up a joint-venture bank in Hong Kong. The bank would provide finance for future projects between the two countries.

Beijing is reportedly "cold shouldering" British and Hong Kong based construction firms because of the row over the new airport.

China is also said to be considering asking Japanese and Taiwanese construction companies to take part.

The project will be the first major joint venture between the two countries.

With full diplomatic ties restored between Seoul and Beijing, Korean investment in China, which stands about U.S.\$250 million, is expected to quadruple next year.

Many of South Korea's major construction companies are lobbying to take part in China's infrastructure projects.

Local Investors on Improved Environment in Beijing

OW2711132792 Beijing XINHUA in English 1131
GMT 27 Nov 92

[Text] Hong Kong, November 27 (XINHUA)—Hong Kong businessmen suggested that the Beijing municipal authorities further improve law system, raise work efficiency and better the investment environment for overseas investors.

More than 40 local businessmen, mostly investors in the mainland, contributed these suggestions at a panel discussion meeting on Beijing investment strategies as part of the on-going Beijing trade and investment fair.

Philip Tse, regional chairman of DDB Needham Worldwide, said that the procedure for the examination and approval of the ventures involving overseas investment should be further simplified. "Too many seals have to be stamped on a investment document," he added.

Sharing Tse's view, Alexander Y.H. Chang, a lawyer, suggested the establishment of the comprehensive service agency to assist overseas investors in providing legal services and going through the procedures.

Xu Ximin, publisher of the monthly MIRROR magazine, said Beijing, as the capital of China, should set an example for other parts of the country in handling affairs according to laws. To this effect, he suggested raising the social status of lawyers.

The magazine publisher also suggested newspapers in Beijing become more informative so that overseas investors in Beijing will know what's going on in the world and do their business better.

Other speakers at the meeting suggested the Beijing government to train more competent accountants, improve customs services, develop service trades, cut on taxi fare and raise the level of the public's awareness of the opening to the outside world.

Appreciating the opinions contributed by a dozen of speakers at the meeting, Beijing's Vice Mayor Wang Baosen said: "These opinions are very valuable and will be considered honestly". "Beijing is determined to make greater efforts to attract more overseas investors," he said.

More than 3,100 firms from over 50 countries and regions have made investments of 3.389 billion U.S. dollars in the Chinese capital since 1979. More than 40 percent of the overseas investment came from Hong Kong.

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